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# ***Daily Report***

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## **China**

**FBIS-CHI-94-200  
Monday  
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# Daily Report

## China

FBIS-CHI-94-200

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17 October 1994

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An \* indicates material not disseminated in electronic form.

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## General

### UNSC Demands Iraqi Pullout From Kuwaiti Border

OW1610085894 Beijing XINHUA in English 0817  
GMT 16 Oct 94

[FBIS Transcribed Text] United Nations, October 15 (XINHUA)—The UN Security Council [UNSC] today condemned the recent Iraqi military deployments in the direction of the border with Kuwait and demanded an immediate withdrawal of all such military units to their original positions.

The council, in an unanimously adopted resolution, also demanded that Iraq "not again utilize its military or any other forces in a hostile or provocative manner to threaten either its neighbors or UN operations in Iraq."

The council said that any hostile or provocative action directed against its neighbors by the Iraqi Government constitutes a threat to peace and security in the region. It asked Iraq not to redeploy its troops to the south or take any other actions to enhance its military capacity in southern Iraq.

The council warned that it will consider Iraq "fully responsible for the serious consequences of any failure to fulfill the demands in this resolution."

Speaking at the council meeting, Li Zhaoxing, Chinese Permanent Representative to the UN, hoped that all parties concerned will exercise restraint and continue their peace efforts to relax and eliminate the tension in the region.

The Chinese Government has always advocated that outstanding issues left over from the Gulf War should be settled peacefully on the basis of relevant Security Council resolutions, he said.

Li pointed out that China's positive vote does not indicate any changes in the Chinese Government's reservations concerning other resolutions, including Resolution 678, which authorized use of force in the settlement of international conflicts.

### UNSC Places New Restrictions

HK1710103194 Hong Kong TA KUNG PAO in Chinese  
17 Oct 94 p 3

["Political Talk" Column by Shih Chun-yu (2457 0689 3768): "Behind the Resolution Unanimously Adopted by the UN Security Council"]

[FBIS Translated Text] The Security Council yesterday adopted another resolution on the Iraqi issue, placing new military restrictions on Iraq. A total of 15 member states were in favor of the motion, suggesting the international community's indignation over Iraq's recent military buildup, which posed a threat against Kuwait's security. However, we should be aware that several

countries were divided on how to have dealings with Iraq now, three and a half years after the Gulf war.

### Withdraw From "Troops-Free" Zone

The Security Council's resolution required Iraq to immediately withdraw its crack troops sent to the Iraqi-Kuwaiti border earlier and also ruled that no new military buildup or attempt by Iraq to threaten the neighboring countries with force was allowed. The resolution also said the Security Council had taken note of Iraq's willingness to recognize Kuwait's sovereignty and the new Iraqi-Kuwaiti border but demanded that this must be confirmed through "comprehensive and formal constitutional procedures."

The resolution was adopted after the United States and Britain's joint proposal to set up a "troops-free" zone in south Iraq was rejected. When Iraq mustered troops along its border with Kuwait, the United States and Britain, apart from immediately arranging for military support for Kuwait, proposed to expand the no-fly zone set up by the Security Council in south Iraq into a zone free of Iraqi troops. But this proposal was immediately rejected by France, Russia, and other countries.

As is known to all, the reason for the 1990 Gulf crisis escalating into a large-scale war, which caused a sensation throughout the world and in which all Western powers were involved, was that the area was rich in oil and therefore was of great strategic importance. This basic factor remains unchanged. But many countries saw clearly what Saddam Husayn was up to this time and what cards he is playing with. They also knew a war was unlikely and that even though a war could break out, it would not be a large-scale one. Some countries responded in a bid to increase their influence in the Gulf and to add momentum to their domestic policies.

### Russian Foreign Minister's Visit to Iraq

The United States was more eager than other countries in seeking the limelight, but its proposal to set up a "troops-free zone" was not a well-considered one, because this would not increase U.S. influence in the Gulf, nor would it serve to strike blows at Saddam. On the contrary, it would encourage Shiites in south Iraq to expand their forces in the interest of Iran, which would amount to rearing a tiger to cause trouble in the future.

France and Russia, which were dissatisfied with the United States' extreme policies toward Iraq, took the opportunity to kick up a fuss. Russia then sent its Foreign Minister Andrey Kozyrev to Iraq in an effort to reestablish ties. Kozyrev promised that if Iraq recognized Kuwait's sovereignty, Russia would try its best to lift the embargo on oil shipments.

All these contradictions found concentrated expression in the process of yesterday's Security Council session which adopted the new resolution. The controversy arose mainly between the United States and Russia. While the Russian ambassador hoped the resolution



would not be adopted until Kozyrev came to the United Nations on Monday after his shuffle visit to the Gulf area, the United States insisted that the resolution be adopted before midnight on Saturday, a dead line set by the United States itself, for fear that Russia would include the release of an oil embargo in the resolution. The United States claimed that if Iraq refused to observe the resolution, force would be used, but Russia firmly said that this was not included in the resolution. All this demonstrated how Western powers acted in the new round of trouble in the Gulf.

#### The New Situation of Controversy in the Gulf

Competition also took place in the areas surrounding Iraq. Russian President Boris Yeltsin promised that Russia would not sell weapons to Iran while in the United States for a visit not long ago, but Russia and Iran were making vigorous efforts to mend fences. Iranian vice foreign minister signed 13 cooperation agreements with Russia during a recent visit to Moscow. Again, Iranian Foreign Minister Akbar Velayati is scheduled to visit Russia in December and Yeltsin will visit Iran within the current Iranian year (by February next year). Fostering cordial bilateral relations in meeting the two parties' needs. Russia hopes to revive its influence in the Gulf while Iran is trying to change the isolated position. To achieve this, apart from improving relations with Russia, Iran is also improving its relations with other CIS members in Central Asia.

Yesterday's resolution was passed by a vote of 15 to 0. But the unanimity is covering up a new controversy in the Gulf.

#### XINHUA Analyzes Iraqi Actions, UNSC Response

OW1610231494 Beijing XINHUA in English 2113  
GMT 16 Oct 94

["News Analysis" by XINHUA reporter Zhang Dacheng: "An Inharmonious Play Preluded by Iraqi Republican Guards"]

[FBIS Transcribed Text] Baghdad, October 16 (XINHUA)—Beginning from October 7, two elite Iraqi Republican Guard armored divisions were suddenly found moving toward the sensitive southern border area with Kuwait. But they moved back to their previous camps in central and northern Iraq five days later.

Like displaying a sword, "The normal exercise by the Republican Guards on their own territories" did not touch off a new Gulf war, but it succeeded in pitching an international stage for all parties concerned to air their views on the coldly treated Iraqi issues.

Playing the same old tune that it has fully complied with the relevant UN resolutions, Iraq dished out a proposal that it would recognize the sovereignty and border of Kuwait in return for the lifting of UN embargo imposed on it after its invasion of Kuwait in August, 1990.

However, Kuwait rejected Iraq's proposal, demanding once again the United States and its Western allies to overthrow the unreliable government led by President Saddam Husayn.

Continuing sending more troops to Kuwait and holding that Iraq's aggressive character was unchanged over the past few years, Washington opposed Iraq's proposal and was seeking a UN resolution to ban the presence of Iraqi heavy weapons and elite Republican Guards in the southern region.

Britain cooperated well with Washington by sending warships to the Gulf and backing the U.S. efforts to seek such a UN resolution.

France also joined the U.S. effort but it opposed limiting the free troop deployment of a sovereign state on its own territories.

Last week, as an unusual move, Russia sent its Foreign Minister Andrey Kozyrev to Baghdad and Kuwait to ease the tension in the Gulf region.

Supporting Iraq's proposal, Moscow held that the UN sanctions, as a punishment to Iraq for its invasion of Kuwait, should be lifted once Iraq meets all the conditions set by the UN resolutions.

The Arab League proposed to solve the Iraqi issue within the Arab limits, while Jordan and the Palestine Liberation Organization, which stood behind Baghdad during the 1990 Gulf crisis, opposed the threat by Iraq's troop movement near the Kuwaiti border.

China and many other countries were against any escalation of the present tension by resorting to force, demanding Iraq's full implementation of the UN resolutions and the international community's objective assessment of Iraq's progress in the direction.

Although every player at the Gulf stage acted in his own way, observers here pointed out, the drama has produced some new results.

The UN Security Council on Saturday [15 October] passed Resolution 949 initiated by the United States, demanding Iraq to pull back all its Republican Guard units from the southern region and not to enhance its military strength in its border area with Kuwait.

The new resolution also provided a legal pretext to Washington, which threatened after the Security Council meeting that the U.S. forces would attack the remaining Iraqi troops near the Kuwaiti border to force an Iraqi compliance with the resolution.

Iraq recently announced its proposal to recognize the Kuwaiti sovereignty and border demarcated by the UN after the Gulf war on the basis that Russia should guarantee to link the recognition to easing sanctions. The problem lies that if Russia's guarantee failed, would Iraq put its proposal into action or go back on its words?

Iraq's renewed military buildup in its border with Kuwait has damaged its updated image that it has become more and more cooperative in implementing the UN resolutions. Its troop movement along the Kuwaiti border has also poured cold water on many countries which sympathize with the sufferings of the 18 million Iraqi people under the sanctions.

By supporting Iraq's proposal, Russia has showed its intention to re-involve in the Gulf affairs and to extend its influence which is bound to conflict with the U.S. ambition to monopolize the Gulf.

Washington has reacted to Russia's move by pressing the passing of UN Resolution 949 one day before Kozyrev flew to New York from the Gulf.

The recent tension in the Gulf also played down a crisis happened early October between Iraq and the UN special commission (UNSCOM) on destroying and monitoring Iraq's weapons of mass destruction.

The Security Council has postponed its formal deliberation of a comprehensive report by the UNSCOM on its progress and problems due to differences of opinion among its 15 members.

The Gulf drama in the new stage pitched by the Iraqi Republican Guards are unfolding and will continue one act after another. But a review of Iraq's resistances against the sanctions since the end of the Gulf War, showed that more and more ropes were tied up following the resistances.

It seems that the only practical way out for Iraq to extricate itself from the dire straits is that a full, serious and patient implementation of the relevant UN resolutions and a firm dependence on self-reliance and self-sufficiency, the observers noted.

#### **Editorial Urges Lifting Sanctions on Iraq**

*HK1710071694 Hong Kong TA KUNG PAO in Chinese  
12 Oct 94 p 2*

[Editorial: "Sanctions Imposed on Iraq Should Be Lifted"]

[FBIS Translated Text] There are signs of detente in the Gulf region, which has been tense over past few days, as Iraq announced yesterday withdrawing its troops which had been sent to the border with Kuwait. Obviously, in view of the UN Security Council's strong opposition to Iraq's troop deployment this time and the U.S. Government's quick response in sending aircraft carriers, fighter planes, and over 10,000 marines to the Gulf and its tough stand of being ready to strike Iraq again, the Iraqi leader Saddam Husayn, under great military pressure, was compelled to announce the deploying of troops elsewhere and to strive for a respite. Saddam's adventurous military attempt this time reflects Iraq's reckless

action and under the great military pressure exerted by others, he could not but yield. This is a heavy blow to Saddam's regime.

In August 1990, Saddam sent 400,000 troops to Kuwait with a view to seizing Kuwait's rich oil reserves. He not only wanted to annex Kuwait but even aimed at Saudi Arabia which is much richer in oil reserves. His undisguised ambition of military aggression invited strong condemnation from Saudi Arabia and all parts of the world. The UN Security Council adopted an emergency resolution demanding Saddam withdraw his troops. However, Saddam paid no attention to it. Finally, the UN American-centered troops destroyed Saddam's large ground forces. Iraq was defeated and was forced to accept the UN Security Council resolution.

For more than four years since, the United Nations has maintained its economic sanctions on Iraq, causing the Iraqi economy to fall into extremely dire straits. The value of its currency the Dinar has fallen drastically and the peasants are unwilling to sell their grain to the government at low prices and are therefore heavily punished. Public order has been worsening at accelerating speed because the people are leading increasingly difficult lives. Last June, the Iraqi Government reinstated the Middle Ages Islamic Law for the punishment of criminals. Robbers and thieves have their hands cut at the wrists. The authorities are attempting to stop the crime wave with harsh religious punishments.

The Iraqi people are disgusted with the UN economic sanctions but it is indeed unwise for Saddam to attempt to force the United Nations to lift the economic sanctions by putting on a show of his military strength and sending his troops to the Kuwaiti border once again. By so doing, Saddam has demonstrated, without himself being aware of [bu jing yi 0008 4842 1942], his warlike character and his ambition to encroach on Kuwait. In particular, the fact that Iraq is still unwilling to formally acknowledge Kuwait is one of the reasons on which the United States bases its continued sanctions on Iraq.

The U.S. intervention in the Gulf War was primarily aimed at protecting the Gulf's oil reserves, where the greatest interests of the West lie. Kuwait, Saudi Arabia, and other oil-producing countries in the Gulf are mostly monarchies. Without strong U.S. support, they are liable to be overthrown by Islamic revolutionary forces at home and from abroad. They find it particularly difficult to resist the unduly ambitious Saddam regime. Without the direct intervention of the United Nations headed by the United States, Iraq could have already annexed Kuwait four years ago and it may not have spared Saudi Arabia.

The U.S. response to Saddam's troop redeployment to Kuwait has been quick and effective this time. Clinton promptly gave Saddam a strong warning, advising him not to miscalculate the situation. The United States has even made it clear that if it takes action again this time,

it will bring down the present Iraqi regime. Saddam's troop deployment has turned out to be a mistake.

As far as the Clinton Administration is concerned, forcing the withdrawal of Saddam's troops by a powerful military force can enhance Clinton's personal prestige and is beneficial to the Democratic Party in the forthcoming interim elections. Although the Saddam regime has stated that it will withdraw its troops, the United States will continue to deploy 36,000 ground troops to the Gulf this week and has hinted that the United States does not rule out taking action against Iraq again even if Iraq is not going to invade Kuwait. This is also another factor for the continued tension in the Gulf. It is the Iraqi people who have suffered greatly from the economic sanctions over the years. Many children have died for lack of medicine and nutrition and large numbers of old people and women have starved to death. The sanctions have caused countless family miseries. Therefore, continued economic sanctions will only prolong the Iraqi people's suffering while not helping to undermine Saddam's regime.

The precondition the UN Security Council has clearly set for the lifting of economic sanctions from Iraq is that Iraq's manufacturing system for weapons of mass destruction must be placed under the UN long-term supervision system. Over 1,000 UN supervisory personnel are working on the Iraq-Kuwait border and the supervision of ballistic missile factories has already been effectively carried out. Iraq thought the UN Security Council would announce lifting economic sanctions and therefore it held trade talks with Russia and Turkey.

All parties should now urge Iraq to seriously implement the relevant UN resolutions and, at the same time, should relax sanctions in keeping with Iraq's practical performance. As Iraq has announced the troop withdrawal, the United States should also adopt corresponding measures to alleviate the tension. In short, no party should accelerate tension in the Gulf region.

#### UNSC Expresses Full Support for Aristide

OW1610090394 Beijing XINHUA in English 2230 GMT 15 Oct 94

[FBIS Transcribed Text] United Nations, October 15 (XINHUA)—The UN Security Council today expressed full support for efforts by President Jean-Bertrand Aristide and the restored Haitian Government to "bring Haiti out of crisis and return it to the democratic community of nations."

The Council, in a resolution adopted 14-0 with Brazil abstained, welcomed the return of the president to Haiti earlier today and expressed its confidence that the Haitian people can now "begin to rebuild their country with dignity and consolidate democracy in a spirit of national reconciliation."

In the past 15 months the Security Council adopted 11 resolutions in efforts, including sanctions and military actions, for the return of Aristide, who was overthrown in a 1991 coup.

According to a previous resolution, fuel, trade and arms sanctions on Haiti would be lifted as soon as President Aristide returned to Haiti and resumed power.

Recalling the different positions taken by its members when Resolution 940 was adopted on July 1 to allow multinational force to take military actions in Haiti, today's resolution expressed its support for the deployment of the advance team of the UN Mission in Haiti (UNMIH), and noted that, under Resolution 940, UNMIH will replace the multinational force when a secure and stable environment is established.

#### XINHUA Views Haitian Situation, U.S. Role

OW1610152294 Beijing XINHUA Domestic Service in Chinese 0817 GMT 16 Oct 94

["News Analysis" by XINHUA reporter Pan Guojun (3382 0948 0193): "Aristide Faces Grim Challenges"]

[FBIS Translated Text] Beijing, 16 Oct (XINHUA)—Aristide, the democratically elected Haitian president, returned to Port-au-Prince, the capital of Haiti, on 15 October to retake the reins of government after living in exile for three years in the United States. He was welcomed by the Haitian people and the international community. Analysts, however, generally maintain that Aristide will face an array of grim challenges when he tries to achieve genuine peace in Haiti and rebuild the national economy.

On 30 September 1991, the Haitian military, led by Cedras, acting commander of the armed forces, staged a bloody coup, overthrowing Aristide, the democratically elected president who had only been in office for eight months. Over the past three years, the Haitian military regime has exercised brutal dictatorial rule, bringing great suffering to the country and people. According to relevant organizations, more than 7,000 opposition figures have been assassinated, and tens of thousands of citizens have fled to other countries, over the past three years. Dictatorial rule and bloody suppression have seriously ruined the national economy, with the gross national product registering substantial decreases for several years in a row.

On 31 July, the United Nations Security Council adopted a resolution authorizing the formation of a multinational force that would use all means, including armed intervention, to force out the Haitian military leaders and restore Aristide, the democratically elected president, to power. Thereafter, the United States made intense preparations for armed intervention under the banner of the United Nations as more than 30 warships and transport vessels gathered around Haiti and 20,000 combat troops were scheduled to leave for Haiti. President Clinton sent an ultimatum to the Haitian military leaders on 15 September. On 18 September, the Haitian military regime was forced to reach a "peace agreement" with a delegation led by former U.S. President Carter. According to the agreement, U.S. troops would begin "a



peace march" into Haiti on 19 September in order to "maintain social order on the island nation." The Haitian military leaders led by Cedras would have to turn over the reins of government on 15 October at the latest, and Aristide would return to Haiti to resume the reins of government.

Thus far, more than 20,000 U.S. soldiers have moved into Haiti, occupying various government institutions and key departments, and taking control of Haitian troops. Under pressure from the United States, Cedras and the other military leaders have stepped down one after another, and left the country to seek asylum abroad, thus paving the way for Aristide's return to resume his office.

After his return, Aristide issued a statement urging the people to "renounce violence, refrain from taking retaliatory actions, and achieve national reconciliation." He said that a new era had dawned in Haiti, during which the rich, poor, and military should unite and jointly build a new country.

The Haitian people and the international community welcome the Haitian military regime's fall from power and the restoration of Aristide to power. Analysts, however, maintain that Aristide will face grim challenges from many quarters when he tries to achieve genuine peace in Haiti and rebuild the national economy.

First, keeping the political situation stable is by no means an easy task. The pro-Aristide faction and the pro-military faction harbor deep hatred toward each other, and their antagonism is all too evident. Although Cedras and the others have left, they cannot be underestimated because of their profound influences over the military, government, and society. Under the supervision of U.S. troops, the two factions have only temporarily stopped fighting. The possibility that a serious conflict will erupt in the future cannot be excluded.

Second, national economic reconstruction is fraught with difficulties. A spokesman for Aristide said that at least \$770 million would be needed during the first year so that the government apparatus would start working normally and the people would be fed and clothed; an additional \$1.1 billion would be needed for the economic rejuvenation plan during the second year. Nevertheless, the Aristide government is now penniless, and the international community has yet to honor its pledge to provide \$550 million in assistance. Analysts noted that it would be difficult to keep Haiti's situation stable if the economy was not improved.

Moreover, how to manage relations with the United States will present a thorny problem for Aristide. Since U.S. troops have occupied Haiti, nationalistic sentiment has slowly gained ground among the Haitian people. As noted by many Haitians, the Haitian people desire democracy and freedom but they do not want foreigners to occupy their country. Analysts said that because of this, Aristide would find himself in a quandary. "On the

one hand, he will need U.S. assistance and protection, and on the other, he does not want a supreme ruler sitting behind his back." Moreover, he must consider the people's nationalistic sentiment.

In sum, the prospects for Haiti's development following Aristide's return are not bright.

#### **U.S.-DPRK Talks Entering 'Final Stage'**

OW1510025394 Beijing XINHUA in English 0047  
GMT 15 Oct 94

[FBIS Transcribed Text] Geneva, October 14 (XINHUA)—The United States and the Democratic People's Republic of Korea (DPRK) are entering into final stage of their current round of nuclear talks in Geneva, but an agreement might not be announced by the weekend as formerly expected.

The outcome of the expert-level discussions, which are continuing Friday [14 October] afternoon, is expected to determine whether chief negotiators from the two sides will be able to meet to wrap up the talks opened on September 23.

Signs appeared earlier this week that the two sides may be close to a "significant breakthrough." But technical experts ended their 11-hour intensive discussions Thursday evening only to announce that they would continue the discussions Friday.

A U.S. official said Thursday that U.S. negotiators had made a range of proposals which still await response from the DPRK side.

A U.S. spokesman hinted earlier Friday that an agreement could only be expected earlier next week, perhaps Tuesday, because the two sides still need to meet on heads-of-delegation level and consultations with their governments.

An outline agreement between the two sides was reached in August after the DPRK agreed to freeze its graphite-moderated reactor program and switch to light-waters reactors, with international assistance coordinated by the United States.

The ongoing session of the talks have to resolve such fundamental differences as the disposal of a 5-megawatt research nuclear reactor of the DPRK, and if and when International Atomic Energy Agency (IAEA) inspectors would be allowed to inspect two military sites of the DPRK.

#### **XINHUA Reports on U.S.-Japan Trade Talks**

OW1510093394 Beijing XINHUA in English 0907  
GMT 15 Oct 94

["Roundup" by Wang Nan]

[FBIS Transcribed Text] Washington, October 14 (XINHUA)—In concluding five trade agreements with Japan

two weeks ago, the United States took the first step towards sharing economic benefits with the Asian nation.

Now, the Clinton Administration wants more.

U.S. officials have in recent remarks said that adapting the Japanese economy to the changing world is as important as striking several sectoral deals.

While balancing Japan's savings investments to reduce its large chronic current account surplus may take time, weakening its resistance to foreign goods, services and investments should not.

In saying so, the officials stressed that there is no longer a rationale for a U.S.-Japan economic relationship that was based on fears on the U.S. side.

With the U.S. economy renewing itself, they said, the U.S. is looking at Japan as a less formidable competitor, whose macroeconomic rigidities have left the country economically weak.

"There is no longer a basis for the U.S.-Japan relationship that is shaped under some idea of the need to contain Japanese economic power," Lawrence Summers, undersecretary for international affairs at the Treasury Department, said today.

"We all recognize that the macroeconomic side was not enough," said Charlene Barshefsky, deputy U.S. trade representative. "Sectoral market access alone was not enough."

On top of the agenda of future U.S. trade talks with Japan concerning microeconomic issues, U.S. officials said, is foreign direct investment in Japan.

Of the global stock of inward direct investment, about 26 percent is in the U.S. and 34 percent in Europe. Only 0.7 percent is in Japan.

It is extremely difficult, if not impossible, to invest directly in Japan. If foreigners cannot buy companies there, it is difficult to make other investments like real estate, according to U.S. businessmen.

And investment pulls trade along. Of all the trade of U.S. multinational corporations, about half is done with their overseas subsidiaries.

In technological transfer, the Clinton Administration already has the sense that information has flowed more freely from the U.S. to Japan than vice versa.

Now the White House is negotiating with Japan on a fellowship program on civil industrial technology that will place U.S. technicians in Japanese corporate labs for joint research in what is called precompetitive technologies.

The U.S. Commerce Department, meanwhile, will start putting abstracts of Japanese cutting-edge research into English and make them available for U.S. firms.

In financial services, another key area for future U.S.-Japan trade negotiations, the Clinton Administration is focusing on three questions: Asset management, underwriting activities and cross-border transactions.

What is making talks on financial services so important, the officials said, is that most issues in the area are fully within the reach of the Japanese Government.

"The challenge for the two countries together is to put their economic relationship back on a sound footing where the enormous gains from trade are shared in a mutually agreeable way," Summers said.

#### **XINHUA Reports on Christopher's Egypt Visit**

OW1410234194 Beijing XINHUA in English 1807  
GMT 14 Oct 94

[FBIS Transcribed Text] Cairo, October 14 (XINHUA)—Egyptian President Hosni Mubarak, PLO Chairman Yasir 'Arafat and U.S. Secretary of State Warren Christopher today held tripartite talks on the Middle East peace process in the Mediterranean port city of Alexandria.

Christopher, who arrived in Alexandria earlier on the last leg of his week-long tour of the Middle East, discussed with Mubarak earlier the latest developments of the Middle East peace drive and the current situation in the Gulf.

'Arafat, who arrived later, joined the two leaders for the tripartite talks on obstacles impeding the Israeli-Palestinian talks, especially means of obtaining the release of an abducted Israeli soldier by the Islamic resistance movement of Hamas near Tel Aviv last Sunday [9 October] so as to set the PLO-Israeli talks in motion.

Israeli Prime Minister Yitzhaq Rabin has played up the abduction incident, saying that it is threatening a continuation of the Palestinian-Israeli negotiations, which were suspended by Israel in Cairo on October 12.

Christopher urged 'Arafat to take "every conceivable action" to rescue the abducted Israeli soldier, whose kidnapping he described as a "rear guard" action threatening the ongoing Middle East peace march.

'Arafat condemned the abduction as a criminal act, said Christopher, who telephoned 'Arafat Thursday night and urged the latter to remain in Gaza directing the operation for rescuing the soldier from Hamas.

'Arafat came to the tripartite meeting while the Palestinian police were continuing searches for the abducted soldier.

The three men discussed the outcome of Christopher's recent talks with both Syrian President Hafiz al-Asad and Israeli Prime Minister Yitzhaq Rabin, and the recent tension in the Gulf triggered by the Iraqi military build-up on the Iraqi-Kuwaiti border.



Following the talks, Mubarak held joint press conferences with Christopher and 'Arafat respectively.

At the press conference held with Christopher, Mubarak stressed the importance of finding a way to realize permanent peace and stability in the Middle East.

"What has happened of Iraq since the outbreak of the Gulf crisis made us need some guarantees," said Mubarak with Christopher standing by.

Christopher eulogized Mubarak's role in the Middle East peace process. He said he discussed with Mubarak two importance issues, one was the current situation in the Gulf while the other on the abducted Israeli soldier.

Christopher said he agreed with Mubarak on the necessity to prevent Iraq from intimidating Kuwait once more.

Christopher is due to leave Alexandria later today and go back to Washington, winding up the tour that has so far taken him to Israel, Syria, Jordan and Kuwait.

At the press conference held jointly with 'Arafat, Mubarak said his talks with the PLO chief dealt with the issue of the recently kidnapped Israeli soldier, adding that enormous efforts are underway in the Gaza and Jericho areas for his release.

The Egyptian president expressed hope that the peace process would continue steadily and that all problems between the Palestinians and Israelis would be overcome.

On his part, 'Arafat said as partner with Israel in making peace, the PLO considers the kidnapping of the Israeli soldier and other similar operations as an obstacle on the way to peace.

#### **Iran Tries To Cement Ties With Russia**

OW1610144194 Beijing XINHUA in English 1413  
GMT 16 Oct 94

[By Chen Ming]

[FBIS Transcribed Text] Tehran, October 16 (XINHUA)—Iran is trying to cement ties with neighboring Russia.

Iranian Foreign Minister 'Ali Akbar Velayati will visit Moscow in December while Russian President Boris Yeltsin will come here within this Iranian year, Iranian sources said here today.

Iran's official news agency IRNA reported that Iran and Russia reached 13 cooperation agreements in Moscow during a recent visit by Iranian Deputy Foreign Minister Mahmoud Vaezi.

Local political observers said that the forthcoming visits by Velayati and Yeltsin are extremely significant and the prospects for Tehran-Moscow ties bright.

However, some observers here noted that Yeltsin's announcement in Washington of stopping arms sales to Iran has greatly annoyed the Iranian regime.

The Iranian authorities regard the presence of U.S. warships in the gulf as a threat to its security. Iran will become more worried about its security if Russia, the largest arms seller to Iran, stops arms supply.

Out of their own interests, Iran wants to enhance relations with Russia and use Russia's influence to resist U.S. pressure on the region, particularly Iran itself.

Well-informed sources, however, disclosed that Russia has yielded to the U.S. pressure and has already summoned back some military experts in Iran.

Still, the Iranian side said that the relations between the two countries are good. Both Iranian and Russian officials said that they are expanding mutual cooperation.

Their relations were strained after the triumph of Iran's Islamic revolution in February 1979 and the breakout in 1980 of the eight-year Iran-Iraq War, during which Russia supported Iraq.

At the end of the war and following a series of active diplomatic initiatives undertaken by both sides, however, came the honeymoon in the mutual relations which culminated in Iranian President Hashemi Rafsanjani's trip to Moscow.

Iranian analysts noted that bilateral ties somewhat cooled off after the disintegration of the former Soviet union.

They believe that was due to the fact that Moscow has been much more closer to the West and to the widespread propaganda campaign launched by the Western media on the purported threat from Iran as a rival for Russia in gaining spheres of influence among the newly established republics.

However, local political analysts said that the recent round of negotiations between the two countries on the Tajikistan issue has been very rewarding, and this could enhance mutual understanding for the solution of many other problems.

They added that Moscow has now clearly realized that Western countries are fabricating the supposed threat from Iran solely for the purpose of gaining foothold for their own influence in the region.

#### **Envoy: UN Security Council Reform 'Arduous'**

OW1510024194 Beijing XINHUA in English 0057  
GMT 15 Oct 94

[FBIS Transcribed Text] United Nations, October 13 (XINHUA)—Reform of the Security Council "remains arduous and a serious, practical and patient approach is required to continue extensive exchange of views and seek common ground step by step," a top Chinese UN diplomat said today.

Delivering a statement on equitable representation on and increase in the council membership, Wang Xuexian, Chinese deputy permanent representative, based the view of the Chinese delegation on different opinions by various countries in the discussions on specific aspects of the reform.

He pointed out that "in certain areas, the differences are fairly wide."

Reform of the Security Council is required by the need of adapting to the changed world situation and meeting the grave challenges, he said. Appropriate expansion of the council and necessary improvement of its working methods should aim at "improving its representation so that it could better reflect the collective will and common aspiration of the UN member states."

He said reform should also "enhance the council's effectiveness and efficiency, so as to maintain and strengthen its positive role in world affairs under the new situation and perform more effectively various mandates entrusted to it by the UN Charter."

The reform involves the interest of all UN member states and is an issue of concern and importance to all countries, he continued. Reform measure should reflect the interest of member states.

Wang stressed that "the principle of equitable geographical distribution should be observed and full consideration should be given to the aspiration and interest of developing countries which account for the majority of the UN membership so as to enable them to play a more active role in UN affairs."

#### **UN Envoy Urges Continuing Fight Against Racism**

*OW1510021894 Beijing XINHUA in English 0121 GMT 15 Oct 94*

[FBIS Transcribed Text] United Nations, October 14 (XINHUA)—China today called on the international community to continue its struggle against racism in "a long-term and in-depth manner."

Feng Cui, alternate representative of the Chinese delegation, told the third committee of the UN General Assembly, "elimination of racism and racial discrimination should continue to be an important item in the agenda of the General Assembly."

The committee is holding a general discussion on elimination of racism and racial discrimination and the rights of peoples to self-determination.

On the fundamental changes in the situation in South Africa, the Chinese representative said the collapse of apartheid system is a major victory won by the South African people after their protracted and arduous struggle and with the support of the international community. The UN should mobilize the international community to assist the South African people in their efforts

to overcome poverty and difficulties inflicted on them by the apartheid system and rebuild their country, she said.

She noted that although apartheid has become history, there still exist in the world today evil elements of discrimination, prejudice and xenophobia against different races, colors, extraction or ethnic origins. New forms of racism are spreading in some developed countries and causing concern and attention from the international community, she said, and "the task of combating racism and racial discrimination remains quite arduous."

She said that as an important UN agency, the Committee on the Elimination of Racial Discrimination should continue to make its due contribution to the international community's struggle against racism and racial discrimination.

She said the agreements reached between the Palestinian Liberation Organization and Israel mark a "crucial step of the Palestinian people towards national self-determination." "We sincerely hope that the parties concerned will seize this opportunity and continue to adopt a flexible and practical attitude in a concerted endeavor so as to restore all the legitimate rights of the Palestinian people at an early date," she said.

On the right of peoples to self-determination, she said China stands for the true essence of the right and lays emphasis on safeguarding national independence, sovereignty and territorial integrity. "Effective exercise of the right of peoples to self-determination should not be misinterpreted into adoption of any action to comprehensively or partially disintegrate or infringe the territorial integrity, national unity and ethnic harmony of an independent state," she said. "There are many countries in the world that are multi-national, it is therefore in the interest of countries in the world to abide by and uphold this fundamental principle."

#### **China Signs International Antidesertification Treaty**

*OW1510070694 Beijing XINHUA in English 0556 GMT 15 Oct 94*

[FBIS Transcribed Text] Paris, October 14, (XINHUA)—China signed the international treaty of antidesertification here today.

Chinese Forestry Minister Zhu Guangyao signed the treaty which was suggested and formulated at the United Nations Conference on the Environment and Development in Rio de Janeiro in June 1992.

The inter-governmental negotiating committee drafted the text of the treaty in June this year after negotiations and consultations for more than one year.

The treaty demands that "the international community combat desertification with any possible financial sources" and "the developed countries offer anti-desertification technics to the developing countries."

It also stipulates international cooperation on information exchange, scientific research and personnel education.

Desertification has been seriously imperiling the human race in the recent 20 years, affecting about 900 million people and a quarter of the earth's total land area, according to statistics.

Desert and non-irrigated land covers 66 percent of the total area in Africa.

The signing ceremony was held in Paris, headquarters of the United Nations Educational, Scientific and Cultural Organization.

About 100 countries will sign the treaty before Saturday [15 October] afternoon.

The treaty will go into effect after 1996 following ratification by more than 50 countries' parliaments.

### **Economic Summit Calls For Upgrading Euro-Asia Ties**

*OW1510002394 Beijing XINHUA in English 1733  
GMT 14 Oct 94*

[FBIS Transcribed Text] Singapore, October 14 (XINHUA)—The third annual Europe/East Asia Economic Summit ended here today with a program for action, in which concrete measures were recommended for both European and Asian countries to take for upgrading their economic and business links.

The strengthening of the Europe-East Asia relationship is today an urgent priority, the more than 450 political and business leaders and experts agreed in their final document after three days of meeting.

"In fact, the correction of weaknesses and imbalances in the relationship between Europe and East Asia would contribute to a greater stability of the world economy, and would avoid the risk of continuous frictions and conflicts harmful to the prospects of global growth," they stressed in the document.

The summit meeting recommended that for promoting trade between Europe and East Asia, "it is necessary to implement the Uruguay Round agreement as quickly as possible, in spite of remaining difficulties in order to accelerate and reinforce the trend towards trade liberalization in the world."

In this regard, European countries were urged to make a commitment to control the spreading use of anti-dumping and other safeguards and countervailing measures.

The East Asian countries, on the other hand, were called on to initiate a systematic review, on a country-by-country basis, of the levels of protection through high tariffs and quantitative restrictions still existing in most of their economies, even after the reductions envisaged by the Uruguay Round agreement.

The East Asian governments were also recommended to create a committee of experts to assess the feasibility and possible timetable of a "concerted regionwide liberalization program implemented on an MFN (most-favored-nation) basis" as outlined in a recent study from the World Bank.

The just-concluded summit also found it "crucial" that the evolution of APEC (Asia Pacific Economic Cooperation) does not lead to a weakening of the multilateral trade system but that, according to its official purpose, it would strengthen the proper working of the World Trade Organization.

In the financial and investment domains, the summit said it was urgent that the governments in East Asia accelerate the process of convergence of national policies towards foreign direct investment.

This process should comprise the further reduction of the number of sectors and activities where restrictions still apply to foreign direct investment, in East Asian as well as in Europe, especially with respect to services and natural resources, the document said.

In regard to expanding technology cross-flows, the participants in the meeting agreed that the lack of sufficient intellectual property rights protection has proved to be a considerable obstacle for partnerships.

Therefore, the summit urged all the governments concerned to take urgently the necessary measures for the swift implementation of the provisions of the Uruguay Round agreement.

It was proposed that "stiff penalties for counterfeiting and intellectual property robbery be introduced to guarantee technology cross-flows."

### **Vice Premier Li Lanqing Views Export Sector**

*OW1610143094 Beijing XINHUA in English 1403  
GMT 16 Oct 94*

[FBIS Transcribed Text] Guangzhou, October 16 (XINHUA)—Vice-Premier Li Lanqing said that foreign trade firms in China should ally to form what he called "aircraft carriers", the large-scale enterprises.

Li, also a member of the Political Bureau of the Central Committee of the Communist Party of China, inspected on October 15 the 76th Guangzhou Export Commodity Fair which is contemporarily held in Guangzhou, capital of south China's Guangdong Province.

Delivering the fair, Li said that China's foreign trade has developed steadily this year, with an expected trade volume of more than 200 billion U.S. dollars.

However, he noted, the export-oriented enterprises and foreign trade companies should voluntarily form larger and stronger groups which might be led by the gigantic industrial enterprises or the potent foreign trade companies.



This will help avoid unreasonable competitions among the small enterprises and improve the quality of export commodities, Li said.

He urged the local governments to promote the formation of large-scale foreign trade enterprises.

### Reportage on International Fairs, Conferences

#### Guangzhou Hosts Export Fair

OW1510133294 Beijing XINHUA in English 1317  
GMT 15 Oct 94

[FBIS Transcribed Text] Guangzhou, October 15 (XINHUA)—The China 1994 Autumn Export Commodities Fair opened today in Guangzhou's China Foreign Trade Center.

A total of 3,100 Chinese and foreign businessmen from 75 countries and regions attend today's opening ceremony of the fair, the 76th of its kind, in south China's Guangzhou city.

The fair is classified into 28 major areas in 4,238 stalls, with over 60,000 kinds of products falling in six categories such as textiles and garments, light industry and crafts. Food and local and poultry products, metal and mineral products, machinery and electronics products and pharmacy and health care products on display.

According to organizers, the 15-day fair, which has sent invitations to 31,431 businessmen in 124 countries and regions, is expected to draw over 50,000 business persons.

Li Lanqing, member of the Political Bureau of the Communist Party of China (CPC) Central Committee and vice premier of the State Council, paid a special visit to Guangzhou today. He discussed foreign trade with local trade officials this afternoon and met celebrities from Hong Kong and Macao present at the fair this evening.

Zhu Senlin, governor of Guangdong Province, held a special reception this evening for over 400 overseas business people and diplomats stationed in Guangzhou consulates.

#### Telecommunications Conference Opens

OW1210095594 Beijing XINHUA in English 0904  
GMT 12 Oct 94

[FBIS Transcribed Text] Beijing, October 12 (XINHUA)—The '94 international conference on personal, mobile radio and spread spectrum communications opened in Beijing this morning.

The theme of the conference is "personal, mobile radio and spread spectrum communications—junctures to information expressway."

During the three-day conference, over 100 papers will be presented by experts from 10 countries and regions,

covering such subjects as personal, mobile, spread spectrum and satellite communications. Experts from China, Britain and the United States will present theme lectures on China's mobile, personal, radio digital communications and some other subjects.

An official from the Ministry of Posts and Telecommunications said that China's mobile telecommunications business has been developing fairly fast in recent year. The wireless paging business started in 1994, and by the end of July this year its subscribers have exceeded 10 million in all of the country's 2,000 cities. The mobile cellular telephone system started operation in November 1987, and by the end of July this year it had more than 1.2 million subscribers in nearly 1,000 cities.

Experts said that in the future telecommunications market, networks based on radio will occupy an increasingly larger share, and various radio communications technologies will be extensively employed. The conference opened today will help promote China's development of radio communications technologies.

The conference is sponsored by the China Telecommunications Association and the Hong Kong branch of the Institute of Electronics Engineers.

#### Auto Parts Exhibition Opens

OW1310050794 Beijing XINHUA in English 0408  
GMT 13 Oct 94

[FBIS Transcribed Text] Shanghai, October 13 (XINHUA)—Overseas automakers have been trying to plunge into China for spare parts market since the country announced its plan to invest 400 million U.S. dollars to upgrade its automobile production early this year.

Leading automobile manufacturers, including the General Motors and Ford of the United States, are now displaying a good variety of top-class spare parts as well as maintenance and decoration equipment at an international exhibition of automobile spare parts which opened here Wednesday [12 October].

Japan's Mitsubishi and Sanyo respectively exhibit their electronic components and newly invented ticket-collectors and megaphones for public buses.

Automakers from France, Germany, Spain, Russia, Malaysia, India, Hong Kong and Taiwan are also making a show at the exhibition.

Beginning 1992, China makes one million cars a year. In the last few years of this century China's automobile output is expected to double, with cars for family use accounting for a considerable percentage.

#### Maritime Law Seminar Takes Place

OW1210012094 Beijing XINHUA in English 1720  
GMT 11 Oct 94

[FBIS Transcribed Text] Shanghai, October 11 (XINHUA)—The Maritime Law of the People's Republic of

China, which has gone into effect for more than one year, aroused the attention of the world legal circles at a symposium here today.

The Seminar on the International Maritime Law gathered more than 300 scholars, lawyers and professionals in shipping, trade and insurance from about 20 countries and regions.

Zheng Guangdi, vice minister of communications, addressing the opening ceremony, said that China drew up its first maritime law in order to keep up with the rapid growth of its shipping industry.

China now ranks the ninth in the world in terms of the aggregate tonnage of ships.

The official said that China's maritime law is fundamentally in line with international conventions and practice.

Drafting of relevant laws is in progress, concerning seaports, ships, water transport, crewmen and navigation courses, added Zheng. With those, a fairly complete legal system on navigation will be established, he said.

Participants to the seminar will study specific chapters of China's maritime law in comparison with international rules and practice.

Allan Philip, chairman of the International Maritime Committee, attended today's meeting, along with Nicolas J. Healy, honorary vice chairman of the organization.

#### **Antarctic Expedition To Depart 28 Oct**

OW1410232594 Beijing XINHUA in English 1813  
GMT 14 Oct 94

[FBIS Transcribed Text] Shanghai, October 14 (XINHUA)—An icebreaker will start out from Shanghai on October 28, carrying a Chinese scientific investigation team to the Antarctic.

This was announced by the East Sea branch of the State Oceanic Administration at a news conference held in Shanghai today.

It will be the 11th time that Chinese scientists go to the continent since the first trip made in 1984.

The group is made up of 103 researchers and crewmen, including two Japanese experts.

The Ukraine-made "Snow Dragon" ship, on its virgin navigation, will sail 20,000 nautical miles or 125 days to reach the terminal point.

Apart from transport service, the ship will undertake deposit sampling for some oceanic research projects.

The deck of the ship is large enough to land two large helicopters at the same time.

Over the past decade, 1,485 Chinese scientists went to the South Pole on missions of wide-ranging studies. They

have set up the "Great Wall" and "The Zhongshan" station as two research bases there.

#### **United States & Canada**

##### **U.S. Defense Secretary Perry Arrives in Beijing**

OW1610073894 Beijing XINHUA in English 0720  
GMT 16 Oct 94

[FBIS Transcribed Text] Beijing, October 16 (XINHUA)—U.S. Defense Secretary William Perry arrived here this morning on a four-day official visit as guest of his Chinese counterpart Chi Haotian.

Perry has been the first U.S. Defense Secretary to visit China since 1989. The visit is seen as marking that the military relations between China and the United States have been resumed to a new level.

Perry's 50-strong-member delegation includes his wife, Senator Nunn and Senator Warner, Assistant Defense Secretaries Joseph N. and Sandi Stuart, and Assistant Secretary Winston Lord.

General Li Jing, deputy chief of the general staff of the Chinese People's Liberation Army, and U.S. Ambassador to China Stapleton Roy greeted Perry and his party at the airport.

Extending a welcome to Perry, Li Jing said that Perry's visit is of great importance and will promote the development of relations between the two armed forces.

Perry said he was happy to come to China and looking forward to meeting Chinese leaders.

During the visit, Perry will have meetings with senior Chinese Government and military leaders.

Perry had visited China nine times before he became defense secretary earlier this year.

##### **Chi Haotian Welcomes Perry**

OW1610122394 Beijing XINHUA in English 1200  
GMT 16 Oct 94

[FBIS Transcribed Text] Beijing, October 16 (XINHUA)—Chinese State Councillor and Defense Minister Chi Haotian presided over a ceremony here this afternoon to welcome U.S. Defense Secretary William Perry.

Perry arrived here earlier today on an official visit as Chi's guest.

At the ceremony, a military band played the national anthems of China and the United States. Chi accompanied Perry to review a guard of honor from the three services of the Chinese People's Liberation Army (PLA).

Those who were present at the ceremony included Li Jing, deputy chief of the general staff of the PLA; Zhang Lianzhong, commander-in-chief of the Navy; Zhu Dunfa, president of the University of National Defense; Li Laizhu, Beijing Military Area Commander; Huai



Guomo, vice-minister of the Commission of Science, Technology and Industry for National Defense; and Yu Zhenwu, deputy commander-in-chief of the Air Force.

The leading members of Perry's delegation were also present.

In the evening, Chi hosted a dinner at the Great Hall of the People in honor of Perry and his party.

Perry is the first U.S. defense secretary to visit China since 1989.

#### **Chi Haotian, Perry Holds Talks**

*OW1710082294 Beijing XINHUA Domestic Service in Chinese 0705 GMT 17 Oct 94*

[FBIS Translated Text] Beijing, October 17 (XINHUA)—Chinese State Councillor and Defense Minister Chi Haotian held talks with visiting U.S. Defense Secretary William Perry here this morning.

During the 130-minute talks, Chi and Perry extensively exchanged views on the relations between China and the United States, the situation in the Asia-Pacific region and other issues of common concern.

An official from the Chinese Defense Ministry said the talks proceeded in an "earnest, frank and friendly atmosphere."

Extending a welcome to him, Chi said Perry is an old friend of the Chinese people.

Perry visited China many times in the past but this is the first time he visits China as defense secretary.

"The visit marks the resumption of high-level contacts between the two countries' defense ministries," Chi said.

On the relations between the two countries and the two armies, both Chi and Perry believed that, since China and the United States are big and influential countries, bilateral relationship will not only directly effect the vital interests of the two peoples, but will have a great impact on peace and stability in the Asia-Pacific region, even in the whole world.

To maintain contacts, dialogues and discussions between China and the United States can help the two sides enhance mutual understanding and trust and promote further improvement and development of relations between the two nations and the two armies, Chi and Perry agreed.

The two ministers expressed their happiness over the resumption of contacts between the two sides over the past few years.

Chi said the development of relations between the two armies should be synchronized with the development of country-to-country relations.

"We take a forward-looking attitude on the development of relations between our two armies and we look forward

to resuming and developing the normal relations with the U.S. military, including military exchange at various levels, on the basis of equality, mutual benefit and mutual respect," Chi said.

Chi noted that the contacts and dialogues between high-level military leaders of the two countries are very important [shi fen zhong yao 0577 0433 6850 6008] for the development of military-to-military ties.

He welcomed high-level U.S. military leaders to visit China.

Perry was quoted as saying that the U.S. side attaches importance to U.S.-Chinese relations, particular the relations between the two armies.

He agreed with Chi on strengthening exchanges between the two armies at various levels.

During the talks, Chi briefed his guest on China's policy of national defense.

After the talks, Chi told reporters: "Generally speaking, we are satisfied with the outcome of the talks. Both sides have shown a positive attitude for the restoration and development of relations between the two armies."

Perry described the talks in the morning as "a very good start."

Those who were present at the talks included Li Jing, deputy chief of the General Staff of the PLA [People's Liberation Army]; Zhang Lianzhong, commander-in-chief of the Navy; Huai Guomo, vice-minister of the Commission of Science, Technology and Industry for National Defense; and Yu Zhenwu, deputy commander-in-chief of the airforce.

U.S. Senators Sam Nunn and John Warner, who are accompanying Perry on the visit, and U.S. Ambassador to China Stapleton Roy were also present.

#### **Qian Qichen Meets Perry**

*OW1710042494 Beijing XINHUA in English 0413 GMT 17 Oct 94*

[FBIS Transcribed Text] Beijing, October 17 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met with visiting U.S. Secretary of Defense William Perry here this morning at the Diaoyutai State Guesthouse and had a breakfast with him.

According to officials from the Chinese Foreign Ministry, Qian and Perry exchanged views in "a warm and friendly atmosphere" on Sino-U.S. relations and some international issues of common concern including the current situation in the Gulf region.

#### **Sino-U.S. Joint Defense Conversion Commission Meets**

*OW1710104094 Beijing XINHUA in English 1026 GMT 17 Oct 94*

[FBIS Transcribed Text] Beijing, October 17 (XINHUA)—China and the United States held here today their first meeting of the joint defense conversion commission.

Chinese Minister Ding Henggao of the Commission of Science, Technology, Industry for National Defense, and visiting U.S. Secretary of Defense William J. Perry co-chaired the meeting.

At the meeting, Ding and Perry signed a statement of principles guiding the work of the joint commission. They pledged to work together to help promote joint defense conversion projects.

A press release issued after the meeting said that under the umbrella of the commission, Ding and Perry "plan to share experiences in the area of defense industry conversion to non-military production."

The release said that both Ding and Perry agreed that "there is much we can learn from each other in this civilian cooperation, and we hope to build on each other's experiences where it is feasible to do so. Many defense companies are involved in converting to production for peaceful purposes. We need to do all we can to promote this when possible."

It said both sides agreed to pursue preliminary cooperation in air traffic control system and technology, and in environmentally-safe vehicle technology. Furthermore, it added, the commission will encourage the exchange of high-level managers engaged in defense conversion work.

#### Joint Commission Issues Statement

OW1710105294 Beijing XINHUA in English 1043  
GMT 17 Oct 94

[FBIS Transcribed Text] Beijing, October 17 (XINHUA)—China and the United States signed here today the statement of principles guiding the work of the Joint Defense Conversion Commission between the two countries.

Chinese Minister Ding Henggao of the Commission of Science, Technology, Industry for National Defense, and visiting U.S. Secretary of Defense William J. Perry, signed the statement after they co-chaired the commission's first meeting in the Great Hall of the People.

The statement reads as follows:

The People's Republic of China and the United States of America, recognizing that the peaceful use of military industrial technology is in the economic and national security interests of their peoples, declare their intention to promote cooperation in their defense conversion efforts. To this end, the People's Republic of China and the United States of America have established a China-U.S. Joint Defense Conversion Commission to promote the orderly use, for peaceful purposes, of defense industrial, technological and scientific facilities and personnel not needed for defense requirements to satisfy the requirements of civil society.

The joint defense conversion commission will provide a senior channel of communication between the governments of the People's Republic of China and the United

States of America to promote mutual understanding of, and cooperation on, issues relating to the defense industry, including:

Facilitating contacts between the industries of the two countries and promoting appropriate industrial partnerships, technological relationships, and investment by American firms in China, and by Chinese firms in the U.S.;

Sharing experiences and lessons from defense industry conversion in the two countries;

Rationalizing defense science, technology, and industry conversion planning and management appropriate for peacetime;

Addressing issues of personnel, equipment, and production of defense industry related to the defense conversion cooperation between the two countries.

The joint commission will also explore new areas of and approaches to the cooperation.

#### 'Feature' Views U.S. Mutual Funds Marketplace

OW1510035794 Beijing XINHUA in English 0330  
GMT 15 Oct 94

["Feature" by Wang Nan: "Does U.S. Take Mystery Out of Marketplace?"]

[FBIS Transcribed Text] Washington, October 14 (XINHUA)—As Americans transfer their nest eggs from banks and thrift deposits to mutual funds, many don't know that their new investments are not insured by Uncle Sam.

To Arthur Levitt, chairman of the Securities and Exchange Commission (SEC), that lack of knowledge is like a "potential time bomb."

"What we have here is a failure to communicate," Levitt said. "Our great challenge is how to deal with the confusion and lack of information among investors."

The confusion came at a time when the U.S. has gone from a nation of savers to a nation of investors, and when for the first time, U.S. investment company assets have surpassed commercial bank deposits.

The number of American families with investments in mutual funds or the stock market has risen from one out of four to one out of three, as confirmed by the latest figure from Federal Reserve.

But still two thirds of the Americans purchasing mutual funds at banks believed, mistakenly, that the investments were guaranteed by federal insurance, as shown in a recent survey by the SEC.

With 38 million Americans investing around two trillion dollars in mutual funds, 40 percent of those surveyed even believed that mutual funds purchased from a stock broker were in fact federally insured.

And misconceptions about such basic products as mutual fund are not alone.

Although more individuals are looking to the capital markets for security and success, less than 10 percent of them can measure the performance of their portfolios precisely.

In addition, only a fifth of individual investors trust their brokers.

Less than a fifth of these investors actually had read their prospectus.

What is upfront money? As a friendly broker calls his consumers that he is going to move their accounts from one firm to another, they don't know the broker will receive a double or a triple payout.

How to deal with "cold calling"? Many investors don't know that they can hang up after designating themselves as people should not be called in order to deal with the harassment. [sentence as received]

And what are derivatives? Many investors never imagined that the "proxy for another instrument," SEC's definition for the latest buzz word in Washington and Wall Street, can be dangerous when misused.

Now comes the little red brochure. The 12-page "Invest Wisely," as SEC's first step to educate investors, tells you how to select your broker, make an investment and reach the securities regulators.

It will be followed, according to SEC officials, by similar books on mutual funds and municipal bonds.

For clear language, seven major mutual fund groups have agreed to provide investors with one-page, stand-alone, less encyclopedic summary of a fund's main features.

A new toll free consumer hotline will be available on October 24th, answering the most commonly asked questions about individual investments.

If you go on-line, a system accessible through the Internet or by direct mail is beginning to provide investment alerts, policy announcements and rule proposals.

From Thursday [13 October], the 2,700-employee SEC was open from nine to five. "For those with a computer and a modem, the SEC is never closed," Levitt said.

"It's time we became a nation of educated investors," the SEC chairman said.

### Central Eurasia

**Beijing Reportedly Negotiates Purchase of Su-35's**  
*HK1710070494 Hong Kong LIEN HO PAO in Chinese*  
17 Oct 94 p 8

[Dispatch from Taipei: "Beijing Intends To Buy Su-35 Jets From Russia"]

[FBIS Translated Excerpt] A source has disclosed that the mainland authorities are holding talks with Russia on purchasing Su-35 jets, the latest model in the Su-27 series. If the transaction is successful, Mainland China will have a sufficient number of highly functional jets, which will further increase the threat to its neighbors, including Taiwan.

Although no results have been achieved in the talks between the mainland authorities and Russia, a Taipei military official said that, China, in the face of latent threats from its neighbors, and particularly due to the South China Sea, India, and Taiwan issues, must have a sufficient number of highly functional Su-27 and Su-35 long-distance jets. For this reason, mainland China has spared no efforts in discussing the issue with Russia. The Su-27 model is already difficult to deal with; if the mainland obtains the latest model Su-35's, it will be a big problem for Taiwan to match China even with its Mirage 2000-5's and F-16 A/B MLU's.

As early as 1989, the mainland authorities had already placed an order for 26 Su-27's from the Soviet Union. Talks on purchasing the same series of jets continued later. The mainland authorities want to obtain the technology and set up a production line. Talks between the two sides reached deadlock when it came to technology transfer and methods of payment. Russia believes that mainland China only wants to manufacture its own aircraft and lacks "sincerity" to purchase the jets, which will not be conducive to Russia's economy. On methods of payment, the mainland authorities are only willing to pay 40 percent in cash and the rest in manufactured goods and farm produce. As this "high technology" new series of jets is rare in the world, Russia wants all payments in cash.

During the course of the talks, some 6 to 7 new models, including the 30, 33, and 35 have been derived from the Su-27. According to news from an aerospace exhibition held in Britain, the mainland authorities now want the latest model multifunction Su-35's designed by Sukhoi OKB [experimental design bureau]. However, Russians at the exhibition were not willing to make any comment on dealings between the mainland authorities and Russia about the Sukhoi jets. [passage omitted]

### Inner Mongolia-Russia Agree on Joint Ventures

*SK0810124394 Hohhot NEIMENGGU RIBAO in Chinese*  
25 Sep 94 p 1

[FBIS Translated Text] The Baotou city leather and leather shoes plant, the Manzhouli Chenggong trade company, and the Irkutsk forest industry scientific research institute reached an agreement on jointly building a leather shoe plant and a high-quality furniture plant respectively in the cities of Irkutsk and Baotou and conducting barter trade. A ceremony to sign the agreement was held at the Baotou city leather and leather shoes plant on 10 September.



These two joint ventures will be built with the investment offered by the both sides on a reciprocal basis. The total investment in fixed assets will be 1.2 million Renminbi Yuan. Simultaneously, the Russian side will offer to the Chinese side good-quality cattle hide, sheepskin, timber, and wooden products on a long-term basis. The annual goods delivery value must not be lower than 20 million yuan. The Baotou city leather and leather shoes plant will send its products to the Russian markets.

#### **Vice Premier Qian Qichen Meets Georgian Guests**

OW1310134594 Beijing XINHUA in English 1322  
GMT 13 Oct 94

[FBIS Transcribed Text] Beijing, October 13 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met with Vakhtang Goguaдзе, speaker of the Parliament of Georgia, and his party here today.

The two sides exchanged views on Sino-Georgian relations and other issues of common interest.

Vakhtang and his party are here for a visit to China as guests of the Standing Committee of the Chinese National People's Congress.

#### **Northeast Asia**

#### **Commentary Criticizes Japan on Taiwan Invite**

OW1610152894 Beijing XINHUA in English 1507  
GMT 16 Oct 94

[“XINHUA Commentary Criticizes Japan for Inviting Taiwan Official to Asian Games”—XINHUA headline]

[FBIS Transcribed Text] Beijing, October 16 (XINHUA)—While hailing the conclusion of the 12th Asian games, a XINHUA commentary today expressed regret over the fact that the Japanese Government has damaged Sino-Japanese relations by inviting Hsu Li-te, the “vice-president of Executive Yuan” of Taiwan to Hiroshima.

The commentary said that after the planned trip of the “Taiwan President” Li Teng-hui was foiled, the Japanese Government ignored China's repeated representations and permitted Hsu to visit Hiroshima under the pretext of “bidding for the 2002 Asian Games.”

During his stay in Japan, Hsu did not meet his planned political aim, the commentary said.

But what the Japanese Government did has violated the principle of the Sino-Japanese joint declaration and the repeated solemn commitments of the Japanese Government to maintain only non-official ties and not to develop governmental relations with Taiwan.

“The act of the Japanese Government has caused undue damages to the Sino-Japanese relations,” it noted.

Hsu's Hiroshima trip shows again that the Taiwan authorities are sliding away from the stand of “one China” which they have stated repeatedly, in a vain attempt to create “two Chinas,” “one China, one Taiwan” or “independent Taiwan”.

That attempt of the Taiwan authorities fundamentally damages the interests of the Chinese nation and will be opposed resolutely by the entire Chinese people across the Taiwan Strait, the commentary pointed out.

In so doing, the Taiwan authorities run counter to the tide of the history and will have no way out, it said.

The far-sighted people in the Asian sports community should get united and continue to advance by overcoming interferences, it added.

The commentary also said that the the entire Chinese people are proud of the achievements Chinese athletes scored during the Asian Games.

The Chinese sports delegation won a total of 137 gold medals, 92 silver medals and 60 bronze medals. Chinese athletes won more medals than athletes from any other country.

The commentary praised Chinese athletes for their contributions to enhancing friendship among the peoples of various Asian countries and carrying forward the Olympic spirit.

At present, China is promoting a body-building program and a plan of winning honor for Olympic Game all over the country. [sentence as received]

#### **Japanese Envoy Reportedly Sent To Improve Ties**

##### **Qiao Shi Receives Delegation**

OW1410144794 Beijing XINHUA in English 1433  
GMT 14 Oct 94

[FBIS Transcribed Text] Beijing, October 14 (XINHUA)—Qiao Shi, chairman of the Standing Committee of China's National People's Congress (NPC), today stressed the importance of strictly abiding by the Sino-Japanese joint statement and the peace and friendship treaty, so as to ensure an everlasting friendly relationship.

Qiao was meeting here this afternoon with Gotoda Masaharu, former deputy prime minister of Japan and president of the Japan-China Friendship Center.

Sino-Japanese relations are generally good, but there has been continuous attempts in and outside Japan to upset the growth of such ties, Qiao said. “This merits attention from both sides.”

Sino-Japanese friendship can be guaranteed advancement towards the next century, only when the two governments and statesmen of the two countries strictly abide by agreements signed between the two sides, he said.

Masaharu expressed the hope that young generations of the two countries will enhance exchanges and mutual understanding, which he said will serve to further bilateral relations.

Upon request, Qiao briefed the guests on China's legislation, saying that since early last year, China has intensified work in this regard, with a view to building up a legal framework compatible with the socialist market economy.

#### Qiao Remarks on Hsu's Visit

OW1410145494 Tokyo KYODO in English 1439 GMT 14 Oct 94

[FBIS Transcribed Text] Beijing, Oct. 14 KYODO—Qiao Shi, chairman of the Standing Committee of China's National People's Congress, expressed dissatisfaction Friday [14 October] over the attendance of Taiwan's Deputy Premier Hsu Li-te at the Hiroshima Asian Games.

Qiao was quoted by a Japanese Embassy official as telling visiting former Japanese Vice Prime Minister Masaharu Gotoda, "we cannot help being careful as there are people trying to disturb friendship between China and Japan."

Despite strong protests from China, Hsu became the highest Taiwan official to visit Japan since Tokyo switched its recognition from Taipei to Beijing in 1972.

Qiao made the remarks in answering Gotoda, who stressed in their talks the importance of deepening bilateral exchange among the younger generation, including politicians, the embassy official said.

Gotoda, a senior member of Japan's ruling Liberal Democratic Party (LDP), also urged Qiao to visit Japan next year at the invitation of the speakers of both Diet chambers.

#### Government Reaction

OW1510110194 Tokyo KYODO in English 1004 GMT 15 Oct 94

[FBIS Transcribed Text] Beijing, Oct. 15 KYODO—China remains unconvinced by a Japanese attempt to assuage its wrath over Tokyo's recent acceptance of Taiwan Deputy Premier Hsu Li-te as a guest at the Hiroshima Asian Games, Japan's former Deputy Prime Minister Masaharu Gotoda said Saturday [15 October].

Gotoda, now on a Beijing stay as an unofficial emissary to mend fences with China, told reporters it could be some time before the impact of the Hsu visit on Tokyo-Beijing ties melts away.

Gotoda said he told Chinese Foreign Minister Qian Qichen and other Chinese leaders that Japan still sticks to its position of respecting Beijing's assertion that Taiwan and Mainland China form an inseparable entity.

The Chinese leaders, however, told Gotoda they are still upset over Hsu's visit. Hsu flew to Japan on Sept. 30 and bolstered friendly ties with a dozen Japanese politicians after Taiwan President Li Teng-hui canceled his planned attendance at the Asiad under Chinese pressure.

The Chinese rejected Gotoda's request to have talks with President Jiang Zemin and Premier Li Peng. Political analysts took the rejection as a gesture of Beijing's irritation with the Japanese attitude toward Taiwan.

#### NPC Vice Chairman Buhe Meets Visitors

OW1510101994 Beijing XINHUA in English 0953 GMT 15 Oct 94

[FBIS Transcribed Text] Beijing, October 15 (XINHUA)—Buhe, vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC), met here today with a delegation from the Japan Seinendan Council, led by its Standing Director Kiyoshi Demura.

The delegation, invited by the All-China Youth Federation, have come to participate in the third Sino-Japanese Youths' Desert Afforestation Activities in north China's Inner Mongolia Autonomous Region.

#### Kim Chong-il Attends Memorial Service in Pyongyang

HK1710080394 Beijing XINHUA Domestic Service in Chinese 1612 GMT 16 Oct 94

[Report by Zhu Kechuan (2612 0344 1557)]

[FBIS Translated Text] Pyongyang, 16 Oct (XINHUA)—Today, more than 100,000 people from all walks of life in Pyongyang and Korean People's Army officers and soldiers held a memorial meeting to commemorate the 100th day since of Kim Il-song's death. Kim Chong-il, chairman of the Korean National Defense Commission and supreme commander of the People's Army, attended the memorial meeting.

The meeting was held in the compound of the Pyongyang Kumsusan Assembly Hall, where the late President Kim Il-song attended to state affairs. Also present at the memorial meeting were Korean party and state leaders including O Chin-u, Kang Song-san, Yi Chong-ok, Pak Song-chol, Kim Yong-chu, and Kim Pyong-sik.

Kim Ki-nam, secretary of the Workers Party of Korea [WPK] Central Committee, spoke at the meeting under Kim Chong-il's authorization. After reviewing President Kim Il-song's contributions to the Korean revolution and construction, he called on the entire party, armed forces, and people to carry out President Kim Il-song's behest; closely unite around the WPK Central Committee headed by Comrade Kim Chong-il, rely on their own efforts, work hard, and make a good job of the country's socialist economic construction.



Choe Kwang, chief of staff of the Korean People's Army, also spoke at the meeting.

Early this morning, tens of thousands of people from all walks of life started to go to Mansudae in the downtown district, where they laid wreaths around Kim Il-song's bronze statue and stood in silent tribute to it. In front of the bronze statue were wreaths from Kim Chong-il, the WPK Central Committee, the Central People's Committee of the Democratic People's Republic of Korea, and the State Administration Council.

### Southeast Asia & Pacific

#### ESCAP Declaration on Use of Space Technology

OW1410194394 Beijing BEIJING REVIEW in English  
No 41, 10-16 Oct 94 pp 26-28

["Text" of "Beijing Declaration" issued by the Economic and Social Commission for Asia and the Pacific's ministerial Conference on Space Applications for Development in Asia and the Pacific in Beijing on 24 September]

[FBIS Transcribed Text] We, the members and associate members of ESCAP [Economic and Social Commission for Asia and the Pacific], now open at the Ministerial Conference on Space Applications for Development in Asia and the Pacific held in the China World Hotel in Beijing on 23 and 24 September 1994,

Bearing in mind that space technology applications are gaining an ever-increasing significance in everyday life and are playing an ever greater role, not only for developed countries, but also for the developing world, in promoting environmentally sound and sustainable development;

Reaffirming the commitments to the provisions contained in the United Nations Charter and relevant international convention and instruments on the peaceful use of space technology for the benefit of mankind and guided by the various decisions, recommendations and resolutions adopted by different United Nations forums, on the peaceful use of space technology for the benefits of mankind, among others:

- (1) Commission resolution 49/5 of 29 April 1993 on the regional program on space applications for development.
- (2) Agenda 21 of June 1992, which is a program of action for a global partnership for sustainable development worldwide;
- (3) Commission resolution 48/1 of 23 April 1992 on the declaration on enhancing regional economic cooperation;
- (4) Recommendation of the commission at its 48th session to initiate a space applications program in the ESCAP region;

(5) Ministerial Declaration on Environmentally Sound and Sustainable Development in Asia and the Pacific, adopted by the Ministerial-level Conference on Environment and Development in Asia and the Pacific in October 1990, and the Regional Strategy on Environmentally Sound and Sustainable Development endorsed by the Commission in its resolution 47/7 of 10 April 1991;

(6) Commission resolution 47/8 of 10 April 1991 on the regional cooperation and coordination in remote sensing and geographic information systems;

(7) General Assembly resolution 41/65 of 3 December 1986 on principles related to remote sensing of the Earth from outer space;

(8) UNISPACE '82, August 1982, which provides a blueprint for effectively realizing the potential benefits from space science, technology and their applications for socioeconomic development, particularly in the developing world;

(9) General Assembly resolutions 1472 (XIV) of 12 December 1959, 1721 (XVI) of 20 December 1961 and 1962 (XVII) of 13 December 1963 relating to the exploration and peaceful use of outer space;

Realizing that currently there is a global concern regarding natural resources depletion and environmental degradation, which calls for taking a holistic view of natural resources and the environment through better scientific understanding of the problems;

Recognizing that space technology applications have been of immense benefit to natural resources management, environmental monitoring, development planning, education and human resource development in both developed and developing countries;

Considering that there is an ever-increasing interest in the comprehensive use of a wide spectrum of space technologies, including satellite remote sensing and geographic information systems (GIS), satellite meteorology, satellite communications, global positioning systems, and environmental and disaster monitoring systems, to assist in poverty alleviation and address information needs in environmentally sound and sustainable development planning process;

Noting that members and associate members of ESCAP have already developed infrastructure for applications of the technologies in their national development projects and planning;

Agreeing that space applications are becoming an essential element in the environmentally sound and sustainable development planning process and addressing national and regional problems and understanding that their importance will keep growing with time, thereby leading to investments in capability-building for increasing dimensions of space technologies and their

applications, which will ultimately promote industrial development and economic growth;

Comprehending that the benefits from these investments would become more cost-effective and accessible if the members and associate members of ESCAP could pool their resources and collaborate in using space technology for development purposes;

Also noting that the problems confronting the members and associate members of ESCAP usually transcend national boundaries and that to tackle them on a long term and sustainable basis would require cooperation among countries of the region;

Understanding that regional cooperation and coordination are important complements to individual national activities to enable different countries in Asia and the Pacific to share their experience and expertise to solve problems of a similar nature;

Taking into account a number of initiatives in recent years proposing various regional cooperation schemes and coordination mechanisms for harnessing space technologies for the solution of regional problems and applications of space technologies for environmentally sound and sustainable development;

Acknowledging the excellent efforts of the United Nations Economic and Social Commission for Asia and the Pacific in building up regional confidence in using space technology for sustainable natural resources and environmental management through its UNDP-funded Regional Remote Sensing Program;

Also realizing that there is an urgent need for a regional strategy to harmonize the various activities in space technology applications and to enhance cooperation among members and other associate institutions related in space applications for sustainable development;

Recognizing the competence of members and associate members to formulate, adopt and implement their respective policies on space technology applications for development, mindful of their social, economic and political conditions;

Hereby reaffirm that the members and associate members of ESCAP, in accordance with the recommendations of UNISPACE '82, have the right to carry out the exploration and peaceful use of outer space and to the use of space technologies for their natural resources and environmental management and sustainable development planning;

Agree that space technology and its applications and spin-offs have immense benefits for sustainable social and economic development and as such the rights of the members and associate members to space technology development and applications must be fulfilled so as to meet equitably the development and environmental needs of the present and future generations;

Assent that in order to achieve environmentally sound and sustainable development in accordance with the principles laid down by the Rio Declaration on Environment and Development under Agenda 21, the members and associate members of ESCAP should integrate space technology and applications into the national development planning process;

Also agree that to ensure cooperation and harmonization of activities and to work for economical, sustainable and equitable access to space technology and its applications, the members and associate members of ESCAP shall establish a regional cooperation program on space applications for development in the region;

Adopt the overall approach and thrust of the strategy for regional cooperation in space application for sustainable development finalized by the preparatory meeting of senior officials on space applications for development, held in Beijing from 19 to 22 September 1994, which is designed to promote national capability-building in the countries in the ESCAP region through a regional approach to make increasing use of space technologies for addressing the urgent problems confronting them, including those identified in Agenda 21;

Endorse the action plan on space applications for sustainable development in the ESCAP region, also finalized during the preparatory meeting of senior officials, which identifies national and regional activities to promote space technology applications for natural resource accounting, environmental management, poverty alleviation and sustainable development planning;

Declare that the Regional Space Applications Program for Environmentally Sound and Sustainable Development in Asia and the Pacific is now launched, based on the strategy and the action plan adopted and endorsed under this declaration, with immediate effect;

Urge all members and associate members of ESCAP, bilateral and multilateral donors and international organizations to support the strategy for regional cooperation in space applications for sustainable development and the action plan on space applications for sustainable development in Asia and the Pacific and facilitate the formation and strengthening of the national and regional mechanisms for space technology applications in the region;

Call upon all members and associate members of ESCAP to participate actively in the Regional Space Applications Program for Sustainable Development, and to reconstitute the Intergovernmental Consultative Committee (ICC) on the ESCAP regional Remote Sensing Program, defining its modus operandi and new mandates to cover matters relating to the Regional Space Applications Program for Sustainable Development;

Recommend that to generate policy-level interest in space technology applications for environmentally sound and sustainable development and to promote

greater understanding and wider use of the various programs of ESCAP concerning this new technology and its applications for environmentally sound and sustainable development, one of the future annual sessions of the Commission should include a specific agenda item on space technology applications for environmentally sound and sustainable development;

Further request the Executive Secretary to convene a second Ministerial Conference on Space Applications for Sustainable Development in Asia and the Pacific in 1999 to review regional development efforts under the strategy and the action plan on space applications for sustainable development in the ESCAP region endorsed by the present conference.

#### **Qian Qichen, Malaysian Officials Discuss Spratlys**

OW1710075594 Beijing XINHUA in English 0743  
GMT 17 Oct 94

[FBIS Transcribed Text] Beijing, September 17 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen today described Chinese President Jiang Zemin's forthcoming visit to Malaysia as a "major event in bilateral relations".

Meeting here this morning with Tan Sri Ahmad Kamil Jaafar [name as received], secretary-general of the Ministry of Foreign Affairs of Malaysia, Qian noted that 1994 is the year marking the 20th anniversary of the establishment of diplomatic ties between the two countries.

Over the past decades, he said, bilateral relations in every field have grown rapidly and their cooperation in politics, economy, trade, science and technology, culture and sports has been fruitful.

The two sides have shared much in common and well coordinated in international and regional affairs, he added.

Qian said that Jiang Zemin's forthcoming visit to Malaysia will be of great significance to the establishment of long-term and stable friendship between the two countries.

Kamil said that the Malaysian side is looking forward to Jiang's visit and actively making preparations for this.

"We believe that Jiang's visit will give an impetus to the further growth of bilateral relations," he said.

At the invitation of Chinese Vice-Foreign Minister Tang Jiaxuan, Kamil has come here to take part in consultations between officials of the foreign ministries of the two countries.

During the consultations, the two sides discussed the specific matters related to Jiang's visit to Malaysia and

bilateral ties, and exchanged views on the Nansha [Spratly] island issue and international and regional issues of common concern.

#### **Trade Minister Wu Yi Arrives in Kuala Lumpur**

OW1510041994 Beijing XINHUA in English 0034  
GMT 15 Oct 94

[FBIS Transcribed Text] Kuala Lumpur, October 14 (XINHUA)—Wu Yi, minister of foreign trade and economic cooperation of China arrived here tonight to visit Malaysia at the invitation of her Malaysian counterpart Rafidah Aziz.

This is the last leg of her three nation tour following her participation in APEC (Asia Pacific Economic Cooperation) ministers' meeting in Jakarta. She has visited Indonesia and the Philippines.

During her week-long stay in Malaysia, Wu will hold talks with Rafidah to find ways of expanding bilateral trade and economic cooperation.

Trade between China and Malaysia has grown rapidly in recent years with 1993 recording a volume of over 1.78 billion U.S. dollars.

In the first eight months of this year, two-way trade rose to 1.54 billion U.S. dollars, up 71 percent from the same period last year, official Chinese statistics show.

#### **Jiang Zemin Sends 'Peace Rock' to Philippines**

OW1510140994 Beijing XINHUA in English 1343  
GMT 15 Oct 94

[FBIS Transcribed Text] Manila, October 15 (XINHUA)—Chinese President Jiang Zemin today sent a peace rock to the Philippines to commemorate the 50th anniversary of the Leyte Gulf landings on October 20.

The peace rock carries a message of President Jiang: "For the peace of the world, for the well-being of all mankind."

At a brief ceremony held at the department of tourism this morning, Chinese Ambassador Huang Guifang, on behalf of the Chinese president, presented the peace rock to Philippine Assistant Foreign Secretary Jaime Batista.

The peace rock will be set at the ceremonial rock garden of peace in Palo, Leyte, some 580 km south of Manila.

On October 20, 1944, U.S. Army General Douglas MacArthur and the late Philippine President Sergio Osmeña, who led the U.S. Armed Forces, landed at the Leyte Gulf, paving the way for the liberation of the Philippines.

#### **Singapore Supports PRC's Inclusion in World Bodies**

OW1710100594 Beijing XINHUA Domestic Service in Chinese 0046 GMT 14 Oct 94

[FBIS Translated Text] Singapore, 13 Oct (XINHUA)—While delivering a keynote address at the Third Europe-East Asia Economic Summit today, Singapore Senior



Minister Lee Kuan Yew said: The inclusion of China in international organizations is not a question of choice, but of necessity.

Lee Kuan Yew felt that U.S. President Clinton's extension of the most-favored-nation status for China and the U.S. commerce secretary's recent trip to China shows that the Americans have realized where interests lie.

Lee Kuan Yew said: Because of scientific and technological progress, the whole world has now become closely linked together. It is impossible for any man-made policies to again separate this world.

He pointed out: The West should and can participate in China's development as well as profit from such participation.

The 1994 Europe-East Asia Economic Summit, held by the World Economic Forum, opened on 12 October. The meeting was held to discuss issues on strengthening economic and business links between Europe and Asia.

#### **Building Starts on Sino-Singapore Palm Oil Plant**

OW1510083194 Beijing XINHUA in English 0800 GMT 15 Oct 94

[FBIS Transcribed Text] Guangzhou, October 15 (XINHUA)—Construction of the Huafeng Palm Oil Refining Plant, a Sino-Singapore joint venture, began in Zhuhai, one of China's five special economic zones in Guangdong Province, today.

The joint venture is being built jointly by the Aerolink Intl Investment (Pte) Ltd., Singapore, and Zhuhai city's Huafeng Food Industrial (Group) Company Ltd. with an investment of 150 million yuan funded by the Singapore party.

Upon completion in 1996, the plant is expected to turn out 150,000 tons of palm oil worth 900 million yuan a year.

In addition, stone-laying ceremony for construction of three other factories funded by this Singapore company was also held in Zhuhai today.

#### **'Concern' Voiced Over Grenade Attack in SRV**

OW1410162394 Beijing XINHUA in English 1540 GMT 14 Oct 94

[FBIS Transcribed Text] Hanoi, October 14 (XINHUA)—Eight visiting Chinese businessmen and 13 local people were injured on Thursday in a grenade attack in the southern Vietnamese city of Ho Chi Minh [HCM] City, according to a spokesman for the Chinese embassy in Vietnam.

The incident occurred at 21:20 local time on the banks of the Saigon River, when about 200 Chinese businessmen and other visitors to Vietnam attending the '94 Beijing-Hanoi trade fair were coming ashore from two pleasure boats. A Vietnamese man threw a grenade into the

crowd, and eight Chinese, including a visitor from Taiwan, and 13 Vietnamese, were injured by the blast, the spokesman said, and added that two of the eight Chinese had been badly injured.

The local police arrested three suspects on the spot, but failed to give any details concerning the attackers.

The Chinese Embassy in Hanoi has expressed its concern over the incident to the Vietnamese Government, and the latter has expressed its regret and promised to make every effort to ensure that the victims recover and to investigate the incident thoroughly, the spokesman said.

#### **Businessmen Afraid**

HK1510064694 Hong Kong SOUTH CHINA MORNING POST in English 15 Oct 94 pp 1, 12

[From Greg Torode in Ho Chi Minh City]

[FBIS Transcribed Text] Chinese businessmen among 21 people injured in a grenade attack on the banks of the Saigon River believe they may have been targeted by "anti-Chinese elements". The seven Beijing victims, two of whom were seriously hurt, are seeking to leave Vietnam for Beijing as soon as possible, fearing their lives may now be in danger after their high-profile visit.

"This is terrifying for us and we want to get out of here as soon as possible," one textile factory executive told the South China Morning Post at Ho Chi Minh City's Cho Ray Hospital last night. "We think we may have been targeted, but we just can't explain it ... We are not high up in the Government."

Vietnam's Foreign Ministry Press Department issued a statement blaming the attack on a "troublemaker" but gave no details according to an Associated Press report. A Ho Chi Minh City official said the attack, in a crowded, popular area of town, appeared to be a "random act" of violence. Police and Interior Ministry officials were still hunting the culprits, he said.

At least 13 Vietnamese including three children and one Taiwanese tourist were also injured when a lone motorcyclist hurled what is thought to be a military grenade at a crowd mingling outside the gates to the gangway of a river cruise boat. Most are thought to be suffering severe shock, but full details of their conditions were not available last night.

The businessmen were part of a 200-strong trade delegation—one of several recent state visits—and the attack comes just weeks before Hanoi leaders host Chinese Communist Party (CCP) General Secretary Jiang Zemin. Mr Jiang will become the most important Chinese official to visit Hanoi since the normalisation of ties in 1991.

The businessmen were among tourists filing off the Tau Ben Nghe near the Saigon Floating Hotel after a dinner tour of the river at about 9:30 pm on Thursday when the attacker struck.



Wang Ni, political attache at Beijing's Hanoi Embassy, said an urgent explanation had been demanded from Vietnam, but a protest had not yet been lodged. "We want to know who did this and why and that is what we have asked for," Mr Wang said. "We have no information to suggest that the Chinese officials were in any way targeted."

The seven included textile, construction and automotive executives wrapping up a tour of the country after China's first major trade fair in Hanoi, with some 60 state-owned enterprises represented. The fair coincided with China's National Day honoured publicly in Hanoi—and the visit of CCP Politburo member and Communist Party Secretary of Beijing Chen Xitong.

The manager of the cruise Xuan Dieu said he had "no idea" why anyone would want to bomb his boat. "They may have been trying to scare people in the park, not people on my boat," he said. The open-air dragon-shaped boat is considered a tourist institution in the city, mooring on the city's river promenade, Ton Duc Thang Street, near the famous former Rue Catinat. The attack comes days after the city authorities eased the enforcement of a new ruling forcing bars, restaurants and nightclubs to shut by 11:30 pm. Instead, police are now ordering people to make less noise between 11 pm and 4 am to allow inner-city residents to sleep.

#### Beijing Protests SRV 'Exploitation' of Tonkin Gulf

BK1610092994 Beijing China Radio International in Vietnamese 1100 GMT 15 Oct 94

[FBIS Translated Text] Chinese Foreign Ministry Spokesman Chen Jian said on 14 [October] that Vietnam's fielding of offers abroad for the exploitation of the Gulf of Tonkin has seriously infringed upon China's interests in the gulf and is unacceptable.

It is reported that Vietnam tendered offers in London and Houston on 12 and 19 September respectively for the exploitation of the Gulf of Tonkin, including an area belonging to China, and the adjacent waters of China's Hainan Island.

Questioned by newsmen about this issue, Comrade Chen Jian said: The Gulf of Tonkin is jointly owned by China and Vietnam. At present, the two countries are holding peaceful negotiations to seek a fair delineation of the Gulf of Tonkin. The above move by Vietnam runs totally against the agreement reached between the two countries on the fundamental principles for the resolution of territorial and border issues. Therefore, China has recently made a solemn representation to Vietnam regarding this move.

The Chinese Government hereby declares that no foreign companies shall be allowed to infringe upon China's rights and interests in their operations in the said sea areas.

#### 'Concerned' Over Oil Prospecting

OW1710075994 Beijing XINHUA in English 0750 GMT 17 Oct 94

[FBIS Transcribed Text] Beijing, October 17 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that China is gravely concerned with Vietnam's oil prospecting activities in China's Nansha [Spratly] sea waters.

Since last August Vietnam has been conducting oil prospecting in collaboration with companies of some other countries in Wanan reef area of China's Nansha sea waters. Asked to comment on the matter, spokesman Chen Jian said: "Those activities taken by Vietnam constitute a gross violation of the sovereignty and the maritime rights and interests of China."

"The Chinese side is gravely concerned with this development and has already made solemn representations with the Vietnamese side over this matter," Chen said.

#### Near East & South Asia

##### Machinery, Electronics Exhibition Opens in Cairo

OW1510155194 Beijing XINHUA in English 1523 GMT 15 Oct 94

[FBIS Transcribed Text] Cairo, October 15 (XINHUA)—'94 China Machinery and Electronics Exhibition opened today in Cairo International Exhibition Center.

The seven-day exhibition is organized by China Chamber of Commerce for Import and Export of Machinery and Electronics Products (CCCME), with the help of Egyptian Businessmen's Association and Federation Egyptian Chambers of Commerce.

Seventy-three Chinese companies and enterprises from 18 provinces and municipalities participated in the conference.

More than 400 kinds of machinery and electronics exhibits include automobile parts and accessories, machinery of farm, textile and construction, power generating, machine tools, electrical appliances, medical equipment, instruments of meters, TV sets, radio cassettes, bicycles, sewing machines and some other kinds of products.

Bao Chengren, vice chairman of CCCME and head of the Chinese exhibition, said the event is organized by CCCME to exchange information of machinery and electronic products and promote trade contacts and economic cooperation between China and Egypt and other Middle East countries.

##### 'Roundup' Views Effort To Find Israeli Soldier

OW1410130994 Beijing XINHUA in English 1254 GMT 14 Oct 94

["Roundup" by Xie Dongfeng]

[FBIS Transcribed Text] Jerusalem, October 14 (XINHUA)—Israel's Cabinet met in emergency session today as Palestinian police were conducting a wide search across the Gaza Strip to try to find a kidnapped Israeli soldier before the deadline set by Muslim captors to kill him.

The Hamas organization issued a statement Thursday afternoon [13 October], warning that if Israel did not release some 200 security prisoners including Hamas leader Shayk Ahmed Yassin by 9 o'clock tonight, Nahshon Wachsmann would be executed.

Hamas leader Mahmoud Zahar said Thursday night that the crisis would be defused if Israel declared its willingness to release Yassin.

Prime Minister Yitzhak Rabin warned Thursday that the Palestinian National Authority (PNA) must now choose between peace with Hamas or peace with Israel. If the kidnapped soldier was not released, the peace talks between Israel and the PLO would be in doubt, he added.

He has also repeatedly expressed his position of holding PLO Chairman Yasir 'Arafat fully responsible for the safety and release of Wachsmann.

Meanwhile, U.S. Secretary of State Warren Christopher also made it clear in Jerusalem that the PNA and 'Arafat are responsible for the release of Wachsmann, who is a dual U.S.-Israeli citizen.

Christopher promised Rabin that the U.S. will do all it can to assist in Wachsmann's release.

Israeli Foreign Minister Shimon Peres said on Israel television Thursday night that the Wachsmann issue is the "first real test for the PNA. He added the government wants the PNA to do everything possible to gain Wachsmann's freedom.

The peace process is going through difficult times, he said.

So far, Israel has sealed off the Gaza Strip, preventing some 28,000 Palestinians from crossing into Israel to work, and has suspended talks with the PLO in Cairo on Palestinian general elections.

Starting from midnight Thursday, more than 9,000 Palestinian policemen conducted a wide-spread operation in the Gaza Strip to try to find the kidnappers of Wachsmann. Reports said more than 300 Palestinians have thus far been arrested in the operation.

The operation has been commanded by police chief Nasir Yusef, and ordered by 'Arafat after he failed in negotiations with Hamas to obtain information about the whereabouts of the kidnappers.

Wednesday night, the police reportedly rounded up some 200 Hamas radical activists, and for the past two

days, the police had conducted strict checkup of car passengers in the Gaza Strip.

However, so far, there have been no results on the whereabouts of the kidnappers or Wachsmann. It is still unclear whether Wachsmann is held in the Gaza Strip as claimed by Israel.

'Arafat left for Egypt, and Israel radio said he took a key aide, Nabil Sha'ath, with him to meet with secretary Christopher, who is now in Egypt, and with President Hosni Mubarak.

Palestinian sources said that Ahmed Tibi, advisor to 'Arafat, has been negotiating on behalf of the PNA with Hamas on the release of Wachsmann.

For the Israeli people, they will not have a quiet and peaceful Shabat, which falls on the sunset this evening.

More than 50,000 Israelis attended a special prayer vigil Thursday night at the western wall of the old city of Jerusalem for the release of Wachsmann.

"Today there is no politics. Today everyone is Nahshon, his mother, his brothers. Today the divisions disappear," one of the prayers said.

The Wachsmann issue has been considered as a bombshell in the relations between Israel and the Palestinians.

How the bomb will be defused remains a question.

#### **Qiao Shi Meets Pakistani National Assembly Speaker**

*OW1410154694 Beijing XINHUA in English 1454 GMT 14 Oct 94*

[FBIS Transcribed Text] Beijing, October 14 (XINHUA)—China attaches great importance to the development of friendly relations with its neighbors including Pakistan, said Qiao Shi, chairman of the Standing Committee of China's National People's Congress (NPC), here today.

Qiao made the remark in a meeting with Syed Y.R. Gilani, speaker of the National Assembly of Pakistan this afternoon.

Sino-Pakistani friendship has stood the test of times, and "we are pleased to see that bilateral friendly relations of cooperation have enjoyed smooth growth in the past decades," he said.

He noted that continuous friendly contacts and exchanges between China's NPC and the Pakistani National Assembly not only have promoted understanding and friendship between the two parliaments, but also served to boost bilateral friendly relations of cooperation in general.

He voiced the conviction that Gilani's current visit to China will make new contributions in this regard.

Gilani said that Pakistan and China, with identical or similar views on many international and regional issues, have sympathized with and supported each other over the years.

Now, he added, both countries are working towards safeguarding peace and stability in the region, along with efforts to keep good relations with the neighbors.

Speaking of the increasing contacts between the two parliaments, he expressed the hope that the two sides will continue to strengthen exchanges and cooperation.

In the meeting, Gilani invited Qiao to visit Pakistan and Qiao voiced appreciation for the invitation.

At the invitation of the NPC, Gilani and his party arrived here yesterday on an official goodwill visit to China.

### Sub-Saharan Africa

#### Liberian Officials Comment on Peace Process

OW1410000194 Beijing XINHUA in English 1946  
GMT 13 Oct 94

[Article by Gu Zhenqiu: "Disarmament First, Government Posts Second, Says Senior Liberian Official"]

[FBIS Transcribed Text] Lagos, October 13 (XINHUA)—The Liberian people are "resolute" in making disarmament a pre-condition for warring factions' leaders to take part in the government, thus preventing them from "playing a game" in the peace process, a senior Liberian official said here today.

In an interview with XINHUA this afternoon, J.D. Junius, chairman of the Liberian National Conference, said, "If you (a faction leader) want to have a seat in the government, you have to put down the gun" and "tell your people to disarm."

"One will be expelled from the government when he is found not to disarm his boys," said the chairman.

His remarks echoed resolutions adopted at the Liberian National Conference, which convened in late August in the Liberian capital of Monrovia.

In the same interview with XINHUA today in the Liberian embassy in Nigeria, Toga Gayewea McIntosh, secretary of the organizing committee of the Liberian National Conference, said "we are not giving a chance for warlords to dance around."

Disarmament is a hard nut to crack in the much-stalled peace process in Liberia though it was made a top priority in the previous peace accords signed by all former civil war foes in the west African nation.

The faction leaders' unwillingness to disarm their fighters in line with the Cotonou peace accord had made it impossible to hold general elections as originally scheduled on September 7 this year in the country.

Disarmament was underlined once again in the latest agreement signed by Liberian faction leaders in Akosombo, Ghana, in September this year.

Warring factions in Liberia should surrender their arms to the African peace-keeping force, known as the ECOMOG, said the conference chairman, adding "you can't have guns floating around."

With the help of the ECOMOG and all countries in west Africa, "people of Liberia, with the Government of Liberia, will use trade sanctions, economic embargo as well as the military force" to force factions' leaders to comply with disarmament, McIntosh said.

The Liberian National Conference is a widely-represented body in the west African nation, involving 242 delegations from all political sub-divisions in 13 counties nationwide.

Junius arrived in Nigeria on Sunday [9 October] night before he met with Nigerian Minister of State for Foreign Affairs Anthony Ani in the capital Abuja.

During the meeting, Junius briefed Ani on where the Conference is in the Liberian peace process.

Nigeria is the first leg of the chairman's west African tour, which will take him to all west African nations to brief the leaders of the countries in the region on the work the conference has done and seek these countries' support and cooperation in finding an early end to the civil war.

The Liberian crisis broke out after Charles Taylor, leader of the National Patriotic Front of Liberia, invaded from neighboring Cote d'Ivoire in December 1989 to topple President Samuel Doe.

The rebellion exploded into a civil war after Doe was killed in 1990 by another rival faction in the country.

Over the past years, the conflicts in Liberia have claimed 150,000 lives and created 700,000 refugees.

#### Li Peng Meets Sierra Leone Head of State

OW1610082394 Beijing XINHUA in English 0707  
GMT 16 Oct 94

[FBIS Transcribed Text] Beijing, October 16 (XINHUA)—Chinese Premier Li Peng met with Valentine E. M. Strasser, head of state and chairman of the National Provisional Ruling Council of Sierra Leone, here this morning.

Li said that China is willing to further develop its relations with Sierra Leone, which he said has progressed smoothly.

He said that China attaches great importance to developing relations with African countries. He hoped that the two countries would maintain their existing friendship and cooperation based on the five principles of peaceful



co-existence and strengthen consultations and cooperation in international affairs.

Strasser's visit would further the bilateral relations, Li said.

During his stay in Beijing, Strasser had talks with Chinese President Jiang Zemin. He and his party also visited Wuhan, capital city of central China's Hubei Province, and Shanghai, China's largest industrial and financial center.

The chairman said his talks with the Chinese leaders has deepened mutual understanding and friendship.

Sierra Leone follows with much interest China's reform, Strasser said, and his country has gained a good deal of enlightenment from Chinese basic experience that China's reform and construction, which has achieved great success, has been conducted under political stability.

He reiterated Sierra Leone's "one China" policy, saying that his government always recognizes the Government of the People's Republic of China as the sole legal government of China and Taiwan as an inseparable part of China.

Li expressed his appreciation and thanks for the stand.

#### **Shanghai Mayor Receives Strasser**

*OW1410170494 Beijing XINHUA in English 1646 GMT 14 Oct 94*

[FBIS Transcribed Text] Shanghai, October 14 (XINHUA)—Huang Ju, mayor of Shanghai, met with Valentine E.M. Strasser, head of state and chairman of the National Provisional Ruling Council of Sierra Leone, and his party here this evening.

Strasser arrived here this afternoon from Wuhan, capital of China's Hubei Province, accompanied by He Yong, chairman of the Chinese Government reception committee and Chinese vice minister of supervision.

During the meeting, Strasser said that Shanghai is a vigorous city with great economic progress, adding that he hoped that the economic cooperation between Sierra Leone and Shanghai will see a smooth development.

The visitors are scheduled to tour the city's Pudong New Area and Minhang Development Zone.

Strasser and his party arrived in Wuhan yesterday morning from Beijing by air. Later in the evening, Deputy Governor of Hubei Wang Shengtie briefed the visitors on the situation in the province and hosted a banquet in their honor.

#### **Qian Qichen Meets South African Delegation**

*OW1710085294 Beijing XINHUA in English 0836 GMT 17 Oct 94*

[FBIS Transcribed Text] Beijing, October 17 (XINHUA)—Chinese Vice-Premier and Foreign Minister

Qian Qichen met here this morning with a delegation from the South African Foundation led by its President Meyer Kahn.

Both Qian and Kahn hoped that the two countries would further their economic and trade relations.

Qian said that the rapid development of China's economy will create possibilities and favorable conditions for enhancing cooperation between the entrepreneurs of China and other countries in the world including South Africa.

South Africa is closely following China's economic growth, Kahn said, adding that industrialists and entrepreneurs of South Africa, in particular, are greatly interested in strengthening their economic contacts with China.

There are great potentials for such economic cooperation, he said.

Yesterday, Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the China Association for International Understanding, met with Kahn and his party.

#### **West Europe**

#### **State Councillor Luo Gan Meets Cypriot Guests**

*OW1710115394 Beijing XINHUA in English 1110 GMT 17 Oct 94*

[FBIS Transcribed Text] Beijing, October 17 (XINHUA)—Chinese State Councillor Luo Gan met with Alecos C. Evangelou, minister of justice and public order of Cyprus, and his party here this afternoon.

Evangelou and his party are here on a visit as guests of China's Ministry of Public Security.

#### **Vice Premier Zou Jiahua Arrives in Denmark**

*OW1510061394 Beijing XINHUA in English 0510 GMT 15 Oct 94*

[FBIS Transcribed Text] Stockholm, October 14 (XINHUA)—Chinese Vice Premier Zou Jiahua arrived in Copenhagen this afternoon at the start of a four-day official visit to Denmark, reports reaching here said.

In a written speech made upon his arrival, the Chinese vice premier said friendly relations between China and Denmark, which started centuries ago, have been further developed especially in recent years.

He said that with an increased exchange of high-level visits and a deepening understanding between the two countries, new achievements have been made in their friendly cooperation in the fields of economy and trade, and there are bright prospects for further cooperation.

Zou expressed his hope that the current visit will help deepen mutual understanding and promote exchanges and cooperation between the two countries, and strengthen the friendship between the two peoples.

The Chinese vice premier held talks with Danish Minister of Environment and Energy Svend Auken.

Zou arrived here after a visit to Portugal.

### Foreign Minister Qian Qichen Meets French Officials

OW1310132094 Beijing XINHUA in English 1303 GMT 13 Oct 94

[FBIS Transcribed Text] Beijing, October 13 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met with Jean-Louis Debre, deputy secretary-general of the French Rally for the Republic, and his party here today.

Qian noted that Chinese President Jiang Zemin visited France recently and the French Government and people accorded Jiang and his party warm hospitality.

The Sino-French relations have entered a new phase of development, he said.

Qian expressed the hope that both China and France will make joint efforts and maintain the momentum of the growth of bilateral ties.

This year marks the 30th anniversary of the establishment of French-Chinese diplomatic relations, Debre said, adding that the current political relations between the two countries are "very good."

It is the hope of France that the two countries would move on to further develop their economic and cultural ties, Debre said.

### XINHUA Analyzes Kohl's Election Win

OW1710042994 Beijing XINHUA in English 0350 GMT 17 Oct 94

["News Analysis" by XINHUA reporter Xia Zimian: "Economic Recovery Helps Kohl Retain Power"]

[FBIS Transcribed Text] Bonn, October 16 (XINHUA)—German Chancellor Helmut Kohl claimed victory in Germany's general election on Sunday [16 October] while his rival, Social Democrat Rudolf Scharping, admitted failure in his attempt to win the chancellorship.

This election was one of the closest in post-war Germany.

Television computer projections showed the Christian Democrats (CDU), their Bavaria sister party the Christian Social Union (CSU), and the Liberal Free Democrats (FDP) had gained a combined 48.2 percent to 48.3 percent of the vote.

The opposition Social Democrats (SPD), Greens and the Party of Democratic Socialism (PDS) had a combined vote of 48.1 percent.

This result would give the coalition 329 seats in the Bundestag, the German lower house of parliament, and the oppositions 327 seats.

However, the CDU could still win two to four extra seats in eastern Germany where, in some constituencies, its candidates received more votes than the party's overall percentage according to German election laws.

Analysts say that Kohl, who has been chancellor since 1982, retained his office because the country's economy is recovering after two years of recession.

There are several signs of this recovery: Orders for German products are rising; exports are improving; inflation is below 3 percent; and the unemployment rate, the German economy's most serious problem, is falling.

Many Germans, especially those in the business sector, believe the continuation of the Kohl government guarantees further recovery because his policies, such as maintaining a strong mark and checking inflation, have been effective.

Although reunification has cost Germany dearly, with government debt on the rise, the German economy is still the strongest in Western Europe.

The Social Democrats, who gained widespread support for its social welfare policy, was looked on with disfavor by German business because of its inevitable alliance with the radical Greens, whose call for the banning of nuclear power plants to protect the environment they saw as theoretically sound but practically unrealistic.

Many Germans, now that the recession is ebbing, prefer a stable economic policy to radical experimentation.

The diplomatic victories of the Kohl government are another reason for his victory.

The withdrawal of Allied troops from Germany, symbolically ending the post-Second World War era with Germany as a defeated nation, raised the country's prestige.

Visits this year to Bonn by the leaders of the United States, Russia and China were also diplomatic successes for Kohl.

U.S. President Bill Clinton's call to Germany to play a world leadership role demonstrated a reunified Germany's importance in the Western alliance.

At the same time, the weakness of the opposition Social Democrats meant defeat in this election.

The Social Democrats failed to present a program which could truly rival that of the ruling coalition.

However, an unusually low turnout of 71.1 percent this time, compared with 77.8 percent in 1990, indicates some resentment among voters.

Kohl, whose coalition's share of the vote fell from 54.8 percent in 1990 to 48.3 percent, is expected to have four difficult years ahead.

#### **Sino-German Tobacco Venture Performs Well**

*OW1410215894 Beijing XINHUA in English 1706  
GMT 14 Oct 94*

[FBIS Transcribed Text] Nanjing, October 14 (XINHUA)—The Sino-U.S. [as received] Nantong Acetate Fibre Co. Ltd., China's first acetate fibre enterprise in tobacco industry, has registered an ideal performance record in the five years since its establishment.

Statistics show the joint venture has produced 72,000 tons of acetate fibre, a material for cigarette filter, registering a combined volume of 46.5 million U.S. dollars in profit.

The China Tobacco Import and Export Corporation signed an agreement with Hoechst Company of Germany to set up the Nantong joint venture in 1989.

The venture produced 12,500 tons of acetate fibre when the first phase of the project was completed the same year.

Hoechst has agreed to help expand the first phase of the project and install a new set of equipments, which is expected to bolster the annual production capacity to 25,000 tons of acetate fibre.

The joint venture has so far absorbed a total investment of 150 million U.S. dollars.

#### **German Companies Interested in Shanghai Prospects**

##### **Chemical Firm Wants To Invest**

*OW1510135794 Beijing XINHUA in English 1327  
GMT 15 Oct 94*

[FBIS Transcribed Text] Shanghai, October 15 (XINHUA)—Shanghai Mayor Huang Ju told Jurgen Dormann, chairman of the Hoechst A.G., a leading international chemical company based in Germany, here today that now it is the time to invest in this China's largest business center.

In a meeting with Dormann, Huang also hoped that Hoechst can make a large amount of investment in Shanghai and conduct long-term cooperation here.

Dormann told the mayor that Hoechst is here to seek a long-term cooperation with Shanghai, and the company has the intention to invest 25 million U.S. dollars here in producing reactive dyes.

He said that they have had extensive contacts with the city's medical plants in a bid to conduct cooperation in the field, adding that Hoechst is to invest 200 to 300

million U.S. dollars or more in China during the next two or three years and Shanghai is likely to have the biggest share.

Hoechst is one of the largest chemical companies in the world with an annual sales volume of 30 billion U.S. dollars, and its business covers chemicals, plastics, biochemicals, medicals, gas, and agricultural chemicals.

Hoechst, which started its business in China in the early '70s, has a total investment of 450 million U.S. dollars in China, with a holding company, six joint ventures, and 13 representative offices, as well as six joint projects under negotiation.

##### **Company Promotes Software System**

*OW1410154594 Beijing XINHUA in English 1504  
GMT 14 Oct 94*

[FBIS Transcribed Text] Shanghai, October 14 (XINHUA)—System Applications Products (SAP) promoted its R/3 software system today in China's largest industrial city, marking the successful landing of the German blue chip company.

The software giant has recently started its China representative office in Beijing, and is ready to locate in Tianjin, a northern port city.

SAP, a major software supplier in Germany, has led Europe in software development and it's also world's sixth largest software company, with 666 million U.S. dollars of revenue last year.

The software system involved in today's sales promotion is used in chemical industry, motor vehicles and machine-building primarily in such fields as accounting, auditing, personnel management and sales.

##### **Tianjin Mayor Meets With Italian Amity Delegation**

*SK1410053294 Tianjin People's Radio in Mandarin  
2300 GMT 13 Oct 94*

[FBIS Translated Text] At the invitation of Mayor Zhang Lichang, a 24-member delegation from Italy's Lombardia, headed by (Paul Alygornia), chairman of the region, paid a friendly visit to Tianjin on 13 October.

On the evening of 13 October, Mayor Zhang Lichang met with (Paul Alygornia) and his party. Both sides signed the letter of the 1995 plan for economic and trade cooperation between Tianjin and Lombardia. Lombardia is the most important economic, trade, and banking region of Italy. Since 1985, when our municipality established friendly relations with Lombardia, the economic and trade relationship between the municipality and the region has rapidly developed.

During the meeting, Zhang Lichang expressed warm welcome to the guests on behalf of the municipal government. Both sides highly appraised the achievements in building the friendship between the municipality and



the region made over the past nine years, and deeply explored ways for further strengthening the economic and trade relations. Leaders of both the region and the municipality expressed their strong desire to promote economic and trade cooperation.

In regard to the relationship between both sides, Zhang Lichang said: Over the past years, Tianjin has successfully conducted economic and trade cooperation with Lombardina. Tianjin and Lombardina are major cities in their countries and have special advantages, particularly in the spheres of industry and science and technology. If Tianjin combines its foundation with Italy's advanced technologies, great economic results will be produced.

He expressed: One of Tianjin's next-step priorities in inviting businessmen and introducing capital is to turn its face to Europe. Both sides should exert great efforts to promote the friendly cooperation in various spheres.

Chairman (Paul Alygornia) expressed thanks to the Tianjin Municipal Government for its efforts to strengthen the economic and trade cooperation between both sides.

He said: The government of Lombardina has paid full attention to the friendship with Tianjin. That many entrepreneurs are visiting Tianjin today indicates our sincerity in conducting cooperation. We hope Tianjin will dispatch its economic and trade inspection group to Italy.

#### Portuguese Official Arrives for Talks

HK1710061094 Hong Kong EASTERN EXPRESS in English 17 Oct 94 p 4

[By Harald Bruning in Macao]

[FBIS Transcribed Text] The undersecretary of the Portuguese Home Affairs Ministry, Carlos Encarnacao, arrived in Beijing yesterday on an official 10-day visit.

Encarnacao said on arrival that he would "exchange views" on public security matters with his Chinese hosts.

He singled out security matters related to the future Macao International Airport, scheduled to be completed next July, as one of the main topics on his agenda.

"There exists a permanent need of co-operation in this area and Macao is already at the point of permanent cooperation," he said.

Encarnacao is being accompanied on his trip by the deputy commanders of the public security police and mounted gendarmerie (Guarda Nacional Republicana) of Portugal.

It is the first visit by a Portuguese Home Affairs Ministry official to China since the two countries established diplomatic relations in 1979. The Portuguese delegation, including the director of Portugal's immigration services, is visiting China at the invitation of the Chinese Public Security Ministry.

The delegation will visit Beijing, Xian, Guangzhou, Shenzhen and Zhuhai before arriving in Macao on October 25.

China's vice-minister for public security, Tian Qiyu, visited Portugal last year.

Later this month, the president of the Supreme Court of Portugal, Joaquim de Carvalho, and three other high-ranking judges of the Portuguese judiciary, will visit Beijing at the invitation of the Supreme People's Court of China.

The chief-of-staff of the Portuguese air force, General Mendes Dias, will arrive in China on Thursday, heading the first military delegation from a European Union country to China since the PLA's [People's Liberation Army] bloody crackdown on the pro-democracy movement in Beijing in June 1989.

Last week China's second Vice-Premier, Zou Jiahou, paid a four-day official visit to Portugal. He urged Portuguese businessmen to invest in and trade with China.

The Vice-Premier underlined the state of "excellent relations" between Beijing and Lisbon over Macao matters.

The Macao Governor, General Vasco Rocha Vieira, has stressed that "close co-operation" and "amicable relations" with China were Macao's "motor of development".

Under the Sino-Portuguese Joint Declaration of 1987, Macao reverts to Chinese rule on December 20, 1999, after more than 440 years of Portuguese administration.

Portugal unilaterally relinquished its sovereignty claims over Macao shortly after its democratic Revolution of the Carnations of April 1974.

Beijing and Lisbon regard Macao as a Chinese territory under Portuguese administration until its reversion to China in 1999.

#### XINHUA Views UK Conservative Party Conference

OW1510034394 Beijing XINHUA in English 0243 GMT 15 Oct 94

["News Analysis" by Li Guowei and Li Wengao: "Tories Realistic in Meeting Opposition Challenge"]

[FBIS Transcribed Text] Bournemouth, England, October 14 (XINHUA)—The 111th annual conference of Britain's ruling Conservative Party promised that the party could win the next general election in 1997 but fears of the increasing popularity of the Labor Party remained dominant.

Despite Tory leadership's claim that the conference, which ended here today, boosted the morale of the party, delegates found the dark days of Tories had not faded at all.

The party's opinion poll rate is continuing to slump, the economic recovery has not yet been felt by men and women in streets but new tax scheme has added more burden to taxpayers, and above all, the emerge of the new Labor leader Tony Blair is seen as the greatest challenge for conservatives.

Ministers and speakers at the conference launched fierce attacks on Blair for his lack of tangible policies, but Blair's young, energetic image is grueling Tories though party's chairman Jeremy Hanley described Blair as "only an image."

"The advent of Blair and what he represents, the proclaimed repositioning of labor as a centrist, modernized party, could prove the most important political event in the last two decades," said former Foreign Secretary Geoffrey Howe at a fringe meeting during the conference.

"Too many of our people may be tempted to see Labor as offering a more balanced, more relevant and more attractive response to Britain's problems," Howe said.

The party elite urged the Conservatives to be "realistic about the new Labor challenge."

Delegates admitted that Blair's personal charm and his determination to build a new Labor Party will attract many voters, and there is little that Conservatives can do about it.

"People will vote Labor as Americans voted Bill Clinton. Conservatives have been in power for many years, it is understandable that people think 'why don't give Blair a chance?'" a delegate from Yorkshire said.

Perhaps the weakest point of the Labor is that it has not drafted a persuadable economic policy.

Graham Riddick, a Conservative member of parliament, believed Blair's honeymoon will soon be over and Conservatives will win the next election.

But he acknowledged that the biggest problem facing the government is "people don't feel the benefits of the economic recovery."

Latest figures showed that Britain's economy is growing at an annual rate of 3.8 percent, faster than any other countries in the European Union, while the underlying inflation, which excludes mortgage interest payment, has dropped to 2.0 percent in September, the lowest in 27 years.

Even Prime Minister John Major said he expected to make the Conservative economic achievements more appealing.

"I know when people hear the word 'economy', the spirits drop," Major said in the final conference speech today.

"I just want to say today that the word 'economy' should lift the spirits, because the great prize of fast growth with low inflation,...is now within our grasp," Major said.

In a rhetoric speech in the last day of the conference, Party Chairman Hanley, said "no one in this hall can be in any doubt that this government deserves to win the next election."

However, delegates talked privately that there is a doubt.

## East Europe

### Czech Premier Views 'Beneficial' Talks

OW1510143694 Beijing XINHUA Domestic Service in Chinese 0350 GMT 12 Oct 94

[By Sun Xiyu (1327 1585 2589)]

[FBIS Translated Text] Prague, 11 Oct (XINHUA)—Czech Prime Minister Klaus said on 11 October that his talks with Chinese leaders were extremely beneficial and that they had laid the foundation for future development of bilateral ties.

Prime Minister Klaus made the remarks at a news conference upon returning to Prague from his visit to China, South Korea, and Indonesia.

Klaus said: China has a population of 1.2 billion and a vast territory. It has made great progress in economic reform. The country has undergone tremendous changes. He continued: The Czech Government has made great efforts to develop economic relations and trade between the two countries. It is now up to Czech enterprises to truly enter the Chinese market and to seek and establish ties in various regions of China.

### NPC Vice Chairman Tian Jiyun Meets FRY Guests

OW1510130694 Beijing XINHUA in English 1226 GMT 15 Oct 94

[FBIS Transcribed Text] Beijing, October 15 (XINHUA)—Tian Jiyun, vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC), met here today with Dragon Tomic, president of the Yugoslavian state oil company, and his party.

Tian and Tomic exchanged views on bilateral cooperation in economic and other fields.

The Yugoslavian visitors are here as guests of the China National Chemicals Import and Export Corporation.

### Wan Guoquan Leads CPPCC Group to Hungary, Albania

OW1710102094 Beijing XINHUA in English 1009 GMT 17 Oct 94

[FBIS Transcribed Text] Beijing, October 17 (XINHUA)—A delegation of the National Committee of the

Chinese people's Political Consultative Conference (CPPCC) left here today for a visit to Hungary and Albania, as guest of Matyas Szuros, chairman of the Inter-Parliamentary Union Group of Hungarian Parliament, and Albania's parliament respectively.

The delegation is led by Wan Guoquan, vice-chairman of the CPPCC National Committee.

#### **Tianjin Delegation Concludes Polish Visit**

SK1610035894 *Tianjin People's Radio in Mandarin*  
2300 GMT 13 Oct 94

[FBIS Translated Text] The delegation from Tianjin Municipality headed by Li Jianguo, a senior adviser to the municipal government, satisfactorily accomplished its four-day amity visit to Lodz Voivodship in Poland.

On the same afternoon when the delegation arrived in Warsaw, the capital of Poland, (Badijiniyak), the responsible person of the Polish Ministries of Labor and Social Policies, met with Li Jianguo and his party. Lodz Voivodship Governor (Anjizak) paid a special visit to Warsaw to attend the meeting.

On 11 October in the city of Lodz, a ceremony to exchange the texts of the agreements on conducting cooperation between Tianjin Municipality and Lodz Voivodship, and on establishing friendly ties between Tianjin Municipality and the city of Lodz, was held.

Before the ceremony, Li Jianguo gave Mayor Zhang Lichang's regards to Lodz Voivodship's governor and Lodz's mayor.

This voivodship is located in central Poland and has a population of 1.2 million; the city of Lodz, the capital of the voivodship, is the second largest industrial city in Poland and one of the key industrial centers of the country.

At the ceremony, Li Jianguo stated: The PRC and Polish peoples have a traditional friendship. The establishment of friendly ties between Tianjin and Lodz has added a link of friendship to both countries. These two cities occupy important positions in their countries, so there are vast prospects for mutual cooperation.

On the morning of 13 October, Lodz Voivodship's governor and Lodz's mayor co-sponsored a meeting attended by more than 70 personages of the enterprise circles to introduce the situation of Tianjin.

At the meeting, Li Jianguo comprehensively introduced Tianjin's situation in reform and opening up, preparations for convening the world table tennis championship, and superior investment conditions. A group of entrepreneurs expressed their intention to inspect and invest in Tianjin in the foreseeable future.

Press circles in Poland showed great interest in the Tianjin delegation's activities. After the conclusion of the ceremony to exchange the texts of the agreements

between Tianjin and Lodz, Lodz television played the eight-minute report as the first item on its 1800 news that same afternoon, and reported on the activities of the delegation for four consecutive days running.

On the afternoon of 10 October, the delegation also attended a ceremony in Warsaw to sign the contract on technological transfers between the Tianjin Municipal cosmetics research institute and the Polish Eastern Corporation.

During its visit to Poland, the delegation also visited the former residence of the famous musician Chopin, Lodz University, hospitals, plants, and the Lodz television center.

#### **Latin America & Caribbean**

##### **Document Signed With Argentina on Boosting Trade**

OW1510043194 *Beijing XINHUA in English* 0400  
GMT 15 Oct 94

[FBIS Transcribed Text] Buenos Aires, October 14 (XINHUA)—A two-day meeting of the Chinese-Argentine Trade and Commercial Cooperation Joint Commission ended this afternoon with the signing of a final document.

The Chinese delegation, headed by Foreign Trade and Economic Cooperation Vice Minister Sun Zhenyu, and the Argentine side, led by Foreign Ministry economic negotiations undersecretary Ambassador Guillermo Gonzalez, analyzed the present economic situation of the world and the economic development of both countries.

In the final document, both sides expressed their satisfaction with the development of bilateral trade last year and decided to further promote trade and economic cooperation between them.

The Chinese side expressed its satisfaction at the growth of exports to the Argentine market, but showed its concern for the reduction of sales of Argentine goods in the Chinese market in recent months.

Both sides agreed to increase their efforts in reaching a balance in trade.

##### **Bolivian Foreign Minister Gives Speech**

OW1210085994 *Beijing XINHUA in English* 0844  
GMT 12 Oct 94

[FBIS Transcribed Text] Beijing, October 12 (XINHUA)—Antonio Aranibar Quiroga, visiting Bolivian minister of foreign and religious affairs, gave an account of Bolivia's political and economic situation in a speech here this morning.

Aranibar especially briefed more than 50 scholars from the Institute of the Latin-American Studies of the



Academy of Social Sciences of China about measures Bolivia has taken in social, economic and educational reform since Gonzalo Sanchez de Lozada became the president last year.

He said that since Bolivia established diplomatic ties with China nine years ago, bilateral ties have been promoted greatly.

But, he noted, the volume of bilateral trade is still small and economic relations have not achieved expected results.

He wished that the bilateral economic cooperation and trade would be further expanded through joint efforts and investments in Bolivia by China's enterprises.

Later, Aranibar held discussions with a group of Chinese entrepreneurs at the China Council for the Promotion of International Trade. He briefed them on Bolivia's environment for investment.

Li Shuzheng, head of the International Liaison Department of the Chinese Communist Party Central Committee, met with Aranibar who paid a visit to China as guest of the Liaison Department in 1992.

#### **Chile's Defense Minister Visits Military Station**

SK1310101194 Tianjin TIANJIN RIBAO in Chinese  
28 Sep 94 p 3

[FBIS Translated Text] On the morning of 27 September, a seven-member delegation headed by Chilean Minister of Defense Perez, and accompanied by Fu Jiaping, director of the Foreign Affairs Bureau of the PRC Ministry of National Defense, visited a certain division stationed in Tianjin. On behalf of all the offices and men of the division, division commander Shao Delong expressed his warm welcome to the honored guests from Chile. During their stay at the division, the honored guests from Chile reviewed the guard of honor and watched a brilliant military performance.

#### **Sino-Uruguayan Commission Meeting Opens 6 Oct**

OW0710024794 Beijing XINHUA in English 0206  
GMT 7 Oct 94

[FBIS Transcribed Text] Montevideo, October 6 (XINHUA)—The 6th meeting of the Sino-Uruguayan Mixed Economic and Commercial Commission was opened here this morning between the Government of the People's Republic of China and the Government of the Eastern Republic of Uruguay.

Both Jose Maria Gamio and Wang Zhiquan, the delegation chiefs for their respective countries, made speeches during the opening ceremony.

Acting Uruguayan Foreign Minister Gamio praised the excellent economic and commercial relations between

the two countries. He underlined the importance of these relations and highlighted the excellent outlook for the expansion of the same.

He said that China is one of the founding countries of the GATT (General Agreement on Tariffs and Trade) and Uruguay backs China's readmission to that international organization.

He promised that Uruguay will continue to grant preferential treatment to the bilateral relations between Uruguay and China after the latter's readmission to the GATT and once the mercosur [as received] has become effective.

Wang Zhiquan, chief of the Department of America and Oceania for China's Ministry of Commerce and Economic Cooperation With Foreign Countries, informed Uruguay of the current economic situation in China and recalled the course of development of the economic and commercial relations between their two countries.

He expressed his gratitude to the Uruguayan Government for its support to China's readmission to the GATT.

During the meeting that will close on October 7, the delegations from both countries will study the possibilities and the ways to develop, to a greater degree, bilateral economic and trade relations.

#### **'Roundup' on Latest NAFTA Negotiations**

OW1210082794 Beijing XINHUA in English 0751  
GMT 12 Oct 94

[XINHUA "Roundup": "C. Americans Seek Admission to NAFTA"]

[FBIS Transcribed Text] San Jose, October 11 (XINHUA)—The presidents of the six Central American countries are making another attempt to accede to the North American Free Trade Agreement (NAFTA), a treaty signed between Canada, the U.S. and Mexico.

Presidents of Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala and Panama will meet October 12-13 in the Nicaraguan capital for an "alliance for sustainable development."

But a demand of the countries to be fully incorporated into the NAFTA will be high on the agenda of the meeting, which would also be attended by U.S. Vice-President Al Gore, who is expected to arrive in Managua Wednesday [12 October].

The Central American summit in Managua is to be followed by another that will be held in Honduras and only two months before the hemispherical summit called by U.S. President Bill Clinton for December in Miami.

The Central American presidents want to reach an agreement during the Miami summit so that their countries will be able to join the NAFTA.

They proposed that their countries be granted NAFTA's temporary membership, which will become permanent when they comply with the requisites.

Central American countries currently enjoy trade benefits with the United States through "the initiative of the Caribbean Basin", which was proposed more than a decade ago by then U.S. President Ronald Reagan.

They now want to have similar trade ties with Canada and Mexico.

Costa Rican trade circles believe, however, it will be very difficult for the U.S. to accept the integration of Central American countries into the NAFTA, at least along the lines that are being proposed by the presidents of the region.

### Political & Social

#### Journal Views Agenda for Central Plenum

HK1710101694 Hong Kong CHING PAO in Chinese  
No 10, 5 Oct 94 pp 28-32

[By Yu Chia-hsiang (0060 1367 7534), 27 August 1994:  
"Deng's New Instructions to Third-Generation CPC  
Leaders To Heed the Training of Successors for the Next  
Century"]

[FBIS Translated Text] Deng's Latest Evaluation of the  
Third- Generation CPC Leaders

It has been learned that the Fourth Plenary Session of the 14th CPC Central Committee, to be convened in the very near future, has secured the support of CPC senior leaders. On 24 July, the CPC high-level authorities and some of the CPC senior leaders who have retreated to the second line, gathered in Beidaihe for summer leave and discussion sessions. They reviewed and studied problems with the national economic development in the first half of this year; summed up the merits and demerits of the macroregulatory and control effort and a number of important reformist measures; determined the main agenda items for the Fourth Plenary Session and documents for the session; and reported to Deng Xiaoping on their resolutions. As this year is Deng Xiaoping's 90th birthday, CPC high-level authorities are planning to celebrate his birthday. Deng's own intention is: As I celebrated my last birthday, I am prepared to skip this one. You have done a good job this year, launching a number of reforms we wanted to launch a few years ago, and the results of the implementation have been good. This is something about which the whole nation should be happy. I am happy too. This is much more meaningful than longevity. These few reforms are rather difficult to handle and you are carrying quite a burden. When there are risks, you should concentrate your minds on solving the problems before you in an attempt to score new achievements in reform and development. You (referring to the Central Committee Political Bureau Standing Committee) have done well in remaining unified. Everybody is relaxed and this is the way to go in pursuing important projects. It is also the primary premise for reform and development. Whoever shoulders heavy work responsibilities and bears great risks, deserves support. We should cultivate such a work mentality and environment. When the objectives are correct and agreed on, and when everybody is there to "fix and mend the stage instead of demolishing it," we are half way to success. We can see now that macroregulation and control is necessary; and the "reforms, development, stability" policy set early this year was right and should be adhered to as a long-term policy. Reforms and development are long-term things, as is stability. In my view, the rate of development in the next few years cannot be slowed down—neither, of course, can it be too fast. The world is now looking at China's economic development with envy and investment in China has been rising. This is a very good international environment. But will it remain so in the next century? That is

why I said we should seize this great opportunity. This reform drive is a revolution and development is the last word. The meaning of this revolution and the logic of development will become more obvious and important the farther we travel down our road.

The above statements by Deng Xiaoping were supportive and encouraging for the CPC high-level authorities in their work but also placed new expectations on them. The problem of development is always on Deng's mind; he is always thinking about it. All his judgments on the Chinese national situation are based on that perspective.

#### Five Agenda Items for the Fourth Plenary Session

At the discussion in the summer capital of Beidaihe, CPC high-level authorities determined the main agenda items for the Fourth Plenary Session of the CPC 14th Central Committee. Most of them reportedly concentrate on the following problems: 1. Continue to adhere to the macroregulatory and control policy, with emphasis on strict control over credit and loans and curbing inflation; determine a suitable level of macroregulatory and control force. 2. Sum up the experiences gained from this year's key reforms in the financial, banking, foreign exchange, investment, and foreign investment sectors; propose concrete implementation programs for deepening the aforementioned reforms, highlighting a two-pronged effort to speed up reforms in state-owned, large and medium-sized enterprises, and increase the pace of adjustment in the industrial and economic structures. 3. Reassert the high importance of agricultural problems and urge the whole party to work more on strengthening the role of agriculture as the economic foundation. 4. Boost party building at all levels of the CPC and possibly resurrect the reformist principle of "separation of the party from government"; at the same time emphasize the anticorruption and clean government drive and the vigorous training of "young cadres for the next century." 5. Discuss and reach a conclusion on a number of motions on personnel changes expected to occur in the military high-level authorities. At that time, CPC General Secretary Jiang Zemin, Premier Li Peng, and Vice Premier Zhu Rongji will deliver important addresses on different issues.

#### The Fourth Plenary Session Will Confirm Macroregulation and Control

The above agenda items are all significant issues urgently awaiting solution. Views in the mainland differ as to whether or not to continue upholding the macroregulatory and control policy aimed at stabilizing the economy. The "mainstream" view represented by Zhu Rongji is: The national economy has been operating well overall since early this year, along with sustained and rapid growth. Key reforms in finance, taxation, banking, foreign exchange, foreign trade, and investment, which are part and parcel of the socialist market economic system, and the effort to build a modern corporate system, were



initiated and launched in turn and are now being implemented smoothly, notably the taxation reforms. The foreign exchange integration did not trigger any drastic economic fluctuations—a remarkable achievement given the long-standing nature of the problem and that the measure was launched at one stroke. The state financial revenue, cash balance, and national imports and exports are all growing. The financial situation is stable and the recovery of money from circulation has been going on well, with all the 140.5 billion yuan released between the New Year's Day and the Chinese Spring Festival recalled by the end of March, plus a net recall of 3 billion yuan. Under the current economic operation, three sectors are enjoying economic stability (prices, foreign exchange, and banking), with banking and foreign exchange markets being more stable. Monetary issues and credit controls are being vigorously implemented. The foreign exchange market has firmed at around 8.7 yuan against \$1. However, China's macroeconomic environment this year has been tight and controlling inflation has become a key part in coming to grips with the trend in the national economy. Also, a proper "degree" of policy strength is required if we want to achieve a nine percent GNP increase, while raising efficiency and pursuing restructuring, and to maintain a relatively high growth rate without jeopardizing opening up and reforms (in finance, taxation, foreign exchange rates, investment, prices, and so on). On this problem, there are two possibilities to be guarded against: The first one is a slackening in macroregulation and control aggravating inflation, pushing up prices, and finally causing drastic economic fluctuations and enormous losses. The second one is too drastic a monetary policy, further tightening up monetary supply and reducing the amount of money supplied, resulting in falling production, a weak market, economic recession, and increased numbers unemployed and semi-unemployed. Both these possibilities are to be avoided. The right choice should be to continue the macroregulatory and control policy pursued by the central authorities since the second half of last year and determine the strength of the macroregulation and control so that, while inflation is curbed, we can still ensure sustained, rapid, and healthy development of the national economy. Pursuing this policy, the CPC high-level authorities have since early this year maintained a suitable level of intensity in controlling fixed-asset investment, consumption funds, and money supply, trying not to be too stringent or too lax. The results have been relatively good. Some mainland economists said in their analyses that compared with the "improvement and rectification" program a few years ago, the central, as well as the most commendable feature of current macroregulation and control, is that the CPC high-level authorities have handled properly the relationships between reforms, development, and stability and have not resorted to radical and "fragmentary" measures. The Fourth Central Plenary Session is expected to confirm and further uphold this principle and policy.

#### Economic Growth at a Mere 8 Percent

Of course, there is another view on the current macroregulatory and control principle and policy being pursued by the CPC high-level authorities. Some economists have pointed out many worrying problems about production growth, employment, and market sales under the current policy environment of curbing inflation, tightening credit, and keeping the lid on investment scale. Regarding production growth, though the first half of this year it registered a two-digit national economic growth rate. However, the actual situation is not at all optimistic when we discount inflated and falsified figures filed by local authorities (according to statistics, doctored figures account for quite a large proportion of the total sum). There is close to 70 billion yuan debts between enterprises, severely curbing effective growth in various national economic sectors. Not only enterprises with low economic returns are facing bankruptcy but those with relatively good economic returns are beset with difficulties. Given the level of effective money supply by current national circulating funds to the various economic sectors, some economists estimate that the actual growth rate for the national economy in the first half of this year will amount to no more than 8 percent, a far cry from the publicized two-digit growth.

Concerning employment, the publicized figures are "overall 10 percent of the enterprises are lying idle or operating under capacity; with only about 4 percent lying idle." But there is a wide gap between these figures and the actual conditions. In the compilation of relevant figures, an enterprise has only to pay a certain amount of wages to most of its workers and allow them to be subsidized from other occupations to escape being listed as one lying idle or in semi-production, even though that is the actual case with it. In many cases, local governments do not report "halted production" or bankruptcies among enterprises so that they continue to receive state financial subsidies and bank loans, which they use to retain workers. Experts estimate that over 50 percent of mainland state-owned enterprises are running at a loss, with about 1 million unemployed state-owned enterprise workers. This number, plus the 60 million strong migrant surplus labor force in rural areas, is exerting an increasing pressure on mainland employment. One school of thought within central decision-making departments is that inflation is more urgent than unemployment. Some economists see this view as biased and partial.

There are also worrying signs pointing to weak market sales. The capital goods market was noticeably sluggish in the first half of this year; sales were down by 40 percent in the first quarter. Of the money retrieved by banks in the first half of this year, only 13.6 percent was for commercial transactions, five percentage points lower than the normal level. Actual sales volumes in one-third of the country's provinces and regions were lower than last year after allowing for price rises. The national industrial output value from January to May

was 92.8 percent, four percentage points lower than the 97.48 percent in the Seventh Five-Year Plan. Rising industrial inventories in the form of finished products are blocking some 1,600 billion yuan. Current clogged market sales have not spread to consumer goods markets but the growing seriousness of the spread must not go unremarked. To maintain China's reserve strength for economic growth, economists point out that there must be protective policies for industries producing capital goods. These industries must not be let to drift or develop at a lower speed because of current declining investment and weak markets.

#### Experts Favor Loosening the Grip on Money Supply

Based on an analysis of the abovementioned situations, some economists and government officials have proposed an alternative view from the "mainstream" one of continuing to uphold the macroregulatory and control policy and strict credit controls. They think that in the second half of this year, the grip on money supply should be loosened but interest rates should be raised to encourage and stimulate the growth of efficient and competitive enterprises and sectors; production structure adjustments should be pursued more vigorously with a view to supporting the development of infrastructural industries and reducing unemployment. This view is based on a suitable easing of money supply control, in contrast with the "mainstream" view among decision-making departments of maintaining macroregulation and control to curb inflation. As such it cannot possibly be accepted, though some of the concepts and ideas may be absorbed by CPC high-level authorities. What is noticeable is that, to ensure consistency in principle and policy and in implementation, dissenting voices from the decisionmaking "mainstream" view are barred from public pronouncements, seminar discussions, and the mass media. These differing opinions are prevented from making themselves fully known. Concerned people think that a right decision is always based on two conditions: Comprehensive and accurate information and judgments made on the basis of full discussion of the different views. Shying away from, or even suppressing, differing views greatly undermines how scientific a decision is. CPC high-level authorities do not seem to be doing very well in fulfilling either condition. Mainland public media almost never provide true and reliable reports on actual conditions and internal information channels have to obey the preferences of the leaders and, to that extent, cannot report on what has actually happened. Becoming acutely aware of the problems of slow and outdated information, inaccessibility, and misleading reports, the CPC high-level authorities earlier gave special instructions on how to be accurate, true, and comprehensive in information work, having people convene meetings to draw up methods. But their traditional thinking on news and opinion control and excessive anxiety about social and political stability, keep them from finding fundamental and effective solutions for problems.

#### Unanimous Agreement on Reforming State-Owned Enterprises

Though differing on whether or not to continue the macroregulatory and control principle and policy, all schools of thought agree on one thing: Reforms in state-owned enterprises must be accelerated. All agree that the quality of the country's macroeconomic operations and the choice of the modes of macroregulation and controls and their results depend on microeconomic operations, particularly on the extent of reforms in state-owned enterprises' internal mechanisms. The key reformist measures unveiled since early this year were envisaged to revolve around enterprise reforms. Enterprise reforms, however, lagged behind all other reforms, explaining why these reforms did not achieve marked macroeconomic effects. The Fourth Plenary Session will draw up plans to take further steps on this problem. The central authorities are reported to be setting aside 6 billion yuan (7 billion according to another account) to underwrite and settle enterprise bankruptcy, social security, and companies' debts; and to build up property rights exchange markets and put state-owned enterprises on a joint-stock basis. There are signs that ideological obstacles are becoming stronger. Will state-owned enterprises be swallowed up by nonpublic ownership in the process of pursuing the joint-stock system? Will the dominant role of public ownership be weakened by rising nonpublic ownership? These are the concerns of CPC high-level authorities and possibly one of the reasons why they have found it hard to make up their minds. Recently, the CPC high-level authorities pointed out that foreign capitalist hostile forces headed by the United States have changed their strategy of "peaceful evolution" to "economic-social strategies" spearheaded by economic infiltration, claiming that the Clinton administration is working on a number of Chinese students and personnel studying in the United States to get them to return to China to do business or invest, in line with a game plan of gradually and economically changing the socialist nature of China's economic, political, and cultural sectors. The CPC high-level authorities reminded people of guarding against changes in the peaceful evolutionary strategy of hostile forces; demanded vigorous vetting of Chinese students returning from overseas, checking their backgrounds and political motives in order to prevent them from putting their political intentions into action; abolished the idea of "developing nonpublic ownership elements;" and forestalled the "privatization" trend in policy. It will become a little clearer in the next two to three years how far these concerns of the CPC high-level authorities will affect the leadership's determination and their policy options to promote reforms in state-owned enterprises.

#### The Background to Resurrecting the "Separation of the Party from Government"

Another key agenda item for the Fourth Plenary Session of the 14th CPC Central Committee is strengthening the party's ideological and organizational construction.



There are two reasons why the CPC high-level authorities have highlighted this problem: One, in the relationships between the central and local authorities, local party committees and governments are increasingly acting on their own in defiance of the central will. The combined party-government system with overlapping duties has made both the party and government systems revolve around local interests. Central decrees are not being effectively implemented owing to the absence of functional departments capable of effective control. Local party committees are gradually losing their function as a watchdog supervising and controlling local governments on behalf of the Central Committee. That is why, under the general subject of strengthening ideological and organizational construction, the Fourth Plenary Session may elaborate on the "separation of the party from government" political reform program proposed by the 13th CPC National Congress, with the aim of strengthening the party system's functions of carrying out the central spirit and supervising local governments by separating it from the government system. Bringing up again the "separation of the party from government" also has the objective of re-establishing the CPC's leading role in social life by installing effective and broad party management, coordination, and control of social life. Foreign-funded and privately-run enterprises, the great variety of mixed ownership, many social organizations and groups, and massive numbers of migrant workers are all splitting away and "escaping" from the original "party system." The CPC is losing effective control over this increasingly large social stratum. The CPC high-level authorities believe that the situation, if allowed to develop unchecked, will threaten their ruling status. It cannot sit watching it develop and do nothing.

#### **Deng Concerned About Grooming Successors**

Another reason why the CPC stressed party building is its need to groom "cadres of the younger generation for the next century." It is reported that Deng Xiaoping was extremely concerned about this problem. He once told the CPC high-level authorities: In the 1980's we worked fairly hard on this problem and the initiative was in our hands. The changeover from the older to the younger generation was effected smoothly. Such efforts should continue in the 1990's, until a whole set of systems are in place. By the next century, you (referring to Jiang Zemin and the rest) should also have your successors. There must not be any delay. The key still lies with this central leadership, which cannot do without a reserve contingent. Most of the Political Bureau members are in their 50's or 60's—the overall age level is still a little too high; it is higher than the central leadership in the early nation-founding period. We must get some cadres in their 40's into the Political Bureau. The Fourth Plenary Session will propose certain concrete measures on this problem to determine which people are to be groomed.

The problem of grooming cadres of the younger generation is more urgent in the Chinese Army. Both the two vice chairmen of the Central Military Commission, Liu

Huaqing and Zhang Zhen, are old—the former 78 and the latter 80—and day-to-day army leadership work is quite taxing for them. The Fourth Plenary Session may conduct a personnel reshuffle in the Central Military Commission leadership. Defense Minister Che Haotian, Chief of General Staff Zhang Wannian, and Deng Xiaoping's secretary Wang Ruilin are three of the candidates.

#### **People's Expectations of the Fourth Plenary Session**

The Fourth Plenary Session of the 14th CPC Central Committee will be convened shortly. Popular attention to it varies. According to people this writer came in contact with, they hope that one, the CPC high-level authorities can pay serious attention to the problem of corruption. Corruption in the mainland currently takes two forms: First, the kind of corruption the CPC explicitly prohibits. Cracking down on this type of corruption is easier and culprits can be dealt with sternly once they have been apprehended. CPC efforts in this area have been fairly adequate and effective. Another type of corruption resulted from policy loopholes and the absence of a tight preventive mechanism. This type of corruption is perpetrated mainly by party and government officials who exploit the all-pervasive powers in their hands to amass fortunes, give kickbacks, and collude with each other. These have done the greater harm. In dealing with this type of corruption, the CPC has only resorted to moral exhortation and persuasion and has been hesitant and timid owing to the intricate personnel networks in the hierarchy. The CPC lacks effective weapons and this is what the people complain about most strongly. They are taking the CPC approach to this problem as a yardstick to evaluate its overall political performance. Another of people's hopes is for greater attention by the CPC to increasing its ties with the masses. The range of reforms initiated on the mainland have touched the interests of all sectors, often with radical differences in the extent to which they benefit from reforms. The income gap is still widening, urban workers and some cadres are facing greater difficulties in their lives, and complaints are coming from sectors and circles across society. Under this situation, there is much disharmony, misunderstandings, and even hostile feelings in the channels of communication between the masses and the CPC as a ruling party. Popular wishes and demands cannot reach the higher CPC echelons. If the CPC does not work more in this area to neutralize and ease the contradictions, there may be a negative impact on reforms, development, and stability.

#### **Forum Discusses Implementation of Plenum Spirit**

HK1710074094 Beijing XINHUA Domestic Service in Chinese 1028 GMT 13 Oct 94

[By reporter Liu Siyang (0491 1835 2254): "CPC Central Organization Department Holds Forum of Persons in Charge of Prefectural and City Party Committees To Discuss Implementation of Decision by the Fourth Plenary Session of the 14th CPC Central Committee"]



[FBIS Translated Text] Beijing, 13 Oct (XINHUA)—The forum of persons in charge of prefectural and city party committees, which was held in the Central Party School today to study the decision by the Fourth Plenary Session of the 14th CPC Central Committee, pointed out that the "Decision by the CPC Central Committee on Several Important Issues About Strengthening Party Building" ["Decision"] is a programmatic document for party building in the new period. It is necessary to unify thinking through conscientiously studying the "Decision" and work out plans to conscientiously carry out various tasks put forward by the "Decision."

The forum was cosponsored by the Organization Department of the CPC Central Committee and RENMIN RIBAO. Lu Feng, head of the Organization Department, presided over the meeting.

Huang Yiyun, Beijing's Chongwen District CPC Committee secretary; Huang Lipei, Chongqing City CPC Committee deputy secretary; Li Chuanan, Luoyang City CPC Committee deputy secretary; Cheng Shie, Shijingshan District CPC Committee secretary; Cui Yuechen, Weihai City CPC Committee deputy secretary; Zhou Guofeng, Beihai City CPC Committee deputy secretary; and Wang Zhaolin, Maoming City CPC Committee deputy secretary, gave their views in turn at the forum on subjects such as adhering to and perfecting the system of democratic centralism, strengthening the party's grass-roots organizations, and training and promoting young cadres.

The participating comrades held that the system of democratic centralism is the party's fundamental organizational system and leadership system which should be further upheld and perfected. The building of a socialist market economy structure is a complicated and systematic project. Only by upholding and perfecting the system of democratic centralism can the leading bodies be well united, can the cadres work with one heart and mind, and can the party's cause be prosperous. They proposed that in the effort to perfect the system of democratic centralism, it is necessary to correctly handle the relations between leaders and the led, between the opinions of the minority and those of the majority, and between the immediate interests and the long-term interests by strengthening education in the system of democratic centralism and perfecting this system.

They emphasized that the party's grass-roots organizations form the basis of all the party's work and the party's fighting capacity. It is necessary to make great efforts to grasp well the building of grass-roots party organizations. In strengthening this building, it is necessary to firmly implement the party's basic line; set strict demands on the work such as recruiting new party members, carrying out education and management among party members, and enforcing party discipline; and lay the stress on grasping weak links so that the party's grass-roots organizations can really become strongholds in uniting with and leading the broad masses of people to fight for the realization of the party's goal.

The participating comrades also pointed out that the training and promoting of young cadres is a matter concerning the long-term tranquility of the state. It is necessary to work out plans for training young cadres through various forms, such as running theoretical training classes, sending them to the grass-roots units, putting them in different posts alternatively, establishing a dialogue system, and passing on experience, giving help, and setting an example in training them. When training, selecting, and promoting leading cadres, it is necessary to implement the five requirements put forward by the "Decision" and select and promote good cadres through careful observation and by extending democracy, perfecting examination and screening, promoting exchanges of experience, strengthening supervision, and accelerating reform of the system of selecting, promoting, and appointing party and government leading cadres.

Finally, they stressed that as to whether or not a good job can be done in party building, the key lies in the leaders. It is necessary to further study the spirit of the plenum decision, work out a responsibility system for party building, and take the achievements in party building as an important aspect for appraising the work of leading cadres, so that a new situation can be created in party building by doing a solid job.

The comrades in charge of the relevant departments of the Central Organization Department and RENMIN RIBAO attended the forum.

#### RENMIN RIBAO Editorial Views 'Decision'

HK1410152994 Beijing XINHUA Domestic Service in Chinese 0931 GMT 13 Oct 94

[RENMIN RIBAO Editorial: "Strengthening and Improving the Building of Grass-Roots Party Organizations—Fourth Comment on Studying and Earnestly Implementing the Decision of the Fourth Plenary Session"]

[FBIS Translated Text] Beijing, 13 Oct (XINHUA)—An important question has been raised by the Decision of the CPC Central Committee Concerning Some Major Issues on Strengthening Party Building, that is, it is necessary to strengthen and improve the building of grass-roots party organizations. The Decision urged on all party comrades the necessity of further consolidating and reinforcing the millions of grass-roots party organizations, so that they will become fighting bastions that are able to unite and lead the masses in carrying out reform and opening-up and the modernization drive. The Decision analyzed the situation of grass-roots party organizations in a down-to-earth manner, stressed the urgency and important meaning of strengthening the building of grass-roots party organizations, defined the guiding principles for reinforcement and improvement, and pointed out the current work focus and tasks. All party organizations at various levels must set great store by and conscientiously implement it.

Strengthening and improving grass-roots party organizations is the party's capital construction and foundation project. Our party's over 54 million members are active in more than 3 million grass-roots organizations. Grass-roots party organizations are the basic cells in the party's organizational system, the bridge and ties between the party and the masses, and the basis for carrying out all party work and for building up the fighting capability of the party. To implement the party's and the state's line, principles, and policies, we must depend on grass-roots party organizations; to forge links with the masses, to spread the party's ideas among them, and to organize and rally them, we must depend on grass-roots party organizations; and to educate party members, to supervise them, and to give play to their exemplary roles as the vanguard, we must depend on grass-roots party organizations. Only when grass-roots organizations are strong and active can the whole party be strong and active. To make the country prosperous and powerful and the nation thrive, the CPC, as a ruling party leading the most populous country in the world, must depend on correct central line, principles, and policies; on all-level local party committees' highly effective organization and implementation; and, at the same time, on grass-roots organization with cohesiveness and fighting capability. For the party to govern the party, an important aspect is to govern, and govern well, grass-roots party organizations. Solid foundations for strengthening the whole party's building will be laid if attention is paid to the building of grass-roots party organizations.

Under the new situation, the progress of reform, economic development, and social stability cannot be achieved without, in particular, the full display of the role of grass-roots party organizations as towers of strength and the exemplary role of party members as the vanguard. Grass-roots party organizations are confronted with many new conditions and new problems because of the new situation and new tasks. This is the inevitable development of the party's undertaking. As we know, from the Third Plenary Session of the 11th CPC Central Committee, at which a shift in the whole party's work focus was realized by taking economic construction as the center, to the 14th party congress, at which the establishment of a socialist market economic system was fixed, there was much headway in our country's reform and opening-up and socialist modernization drive and there were great changes in all respects. Grass-roots party organizations must adapt to these changes and fulfill the new tasks by strengthening and improving their own building. Without reform and innovation, the building of grass-roots party organizations will never be accomplished. By carrying out reform and opening-up for more than a decade, we have acquired valuable experience as well as profound lessons on the issue of building grass-roots party organizations. At present, there are still many things incompatible with the building of grass-roots party organizations. Some grass-roots party organizations are weak and lax in discipline and some are even in a state of paralysis; some grass-roots cadres are incorrect

in their styles of work and divorced from the masses; and some party members fail to play their exemplary roles. These problems merit full attention and earnest efforts for solution. It is wrong and harmful to loosen the grasp of the building of grass-roots party organizations and weaken their role.

Regarding the guiding principles for building grass-roots party organizations under the new situation, the Decision stressed four "musts." First, it must be centered round the basic line of the party and serve the purpose of fulfilling the party's central tasks. Second, it is essential to study the new conditions and solve new problems in the spirit of reform. Third, the inner-party activities must be carried out strictly and party discipline tightened. Fourth, the building of grass-roots party organizations must be carried out on the basis of routine work and with perseverance.

The Decision set explicit demands for the building of all kinds of grass-roots party organizations in enterprises, rural areas, organs, schools, and scientific research institutes and laid special stress on efforts made by county and city party committees to accomplish the building of grass-roots party organizations in rural areas and in enterprises. The situation of rural grass-roots party organizations has a direct bearing on consolidation of the foundation status of agriculture and on development of the rural economy and social stability. The saying that "the key to rural progress lies in party branches" sounds very reasonable. In rural areas, grass-roots party organizations should all conscientiously implement the rural policies of the party and play a core and leading role in deepening rural reforms, developing the rural economy in an all-round manner, building socialist culture and ethics, and leading the peasants in the drive for a comfortably well-off life and common prosperity and progress. Party organizations of state-owned enterprises should play a political and core role in accomplishing enterprise reform, transforming the operational mechanism, improving economic efficiency, and building up the contingent of workers. The Decision was very clear about the roles of grass-roots party organizations in rural areas and in enterprises, with the former "playing the core and leading role" and the latter "playing the political and core role." Comrades of party organizations in rural areas and in enterprises must implement it with a profound understanding.

To strengthen and improve the building of grass-roots party organizations, earnest efforts must also be made to strengthen and improve education and management of party members, with the objective of improving their quality and enhancing their party spirit. As called for by the Decision, from now on, a drive for studying the theory of building socialism with Chinese characteristics and the party constitution should be launched in a planned way and step by step among all party members in the next three years. This is a matter of fundamental importance in party building. Most important is to arm the whole party with Comrade Deng Xiaoping's theory

of building socialism with Chinese characteristics. By linking with concrete work and studying things with a view to achieving practical results, the lofty ideals of communism should be fostered among party members, their confidence in following the socialist road with Chinese characteristics buttressed, their awareness of upholding the party's basic theories and basic line heightened, and they should serve as models in implementing various party policies. They should persist in the purpose of serving the people wholeheartedly, maintain close contact with the masses, be clean and honest in performing public duties, observe discipline and abide by the law, consciously resist the corrosion of money worship, egoism, and a decadent way of living, earnestly perform the obligations stipulated in the party constitution, correctly exercise their rights, and carry out meritorious deeds and contributions in the reforms and economic development. All party comrades should understand, through study, that during the new period of reform and opening-up, the situation and party tasks have changed but the party's character and purpose, the ideals of communism, and the role of grass-roots party organizations as towers of strength remain the same.

Strengthening and improving the building of grass-roots party organizations is a glorious but arduous task. All party comrades must make our party stronger by behaving positively and doing practical work in accordance with the spirit of the Decision and under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, thus making the great undertaking of building socialism with Chinese characteristics more and more successful.

### Speculation Continues on Health of Deng Xiaoping

#### Deng in 'Reasonably Good Health'

HK1710024794 Hong Kong SOUTH CHINA MORNING POST in English 17 Oct 94 p 1

[By Willy Wo-Lap Lam]

[FBIS Transcribed Text] Deng Xiaoping is in "reasonably good health" despite repeated speculation that the 90-year-old Chinese patriarch is hooked up to a life-support system, sources said.

And the Chief Architect of Reform has increasingly turned to former National People's Congress chairman Wan Li, the most liberal of the "immortals", to ensure the survival of reform after his demise.

The sources said that in spite of his having succumbed to an unnamed "old man's disease", Mr Deng was often able to take one to two walks a day of about 20 minutes each in the garden of his two houses in the capital.

Such constitutionals take place between 8 am and 9 am and then 4 pm to 5 pm, and with the help of a least one nurse.

The energy level of the patriarch, however, has declined to the extent that he is only able to attend to the most crucial matters of state.

On the "good days", he is able to consult with trusted fellow elders such as Mr Wan and former vice-premier Bo Yibo on issues including personnel movements in the Politburo and the Central Military Commission.

For a few days a week the patriarch is also fit enough to briefly listen to readings from party circulars and documents.

Mr Deng is being looked after by a medical team of 23 specialists from all over China. A dozen doctors and nurses on different shifts are stationed in his house all the time.

It is understood that while the specialists, who are mostly trained in Western medicine, do not think that he is in imminent danger, they are of the opinion that the decline in his health could accelerate without warning.

The Communist Chinese leadership has completed contingency measures that will be taken on his death.

One indication that Mr Deng has not lapsed into senility is that he was in relatively good shape on October 1, the 45th anniversary of the founding of the People's Republic.

A source close to the Deng household said the patriarch spent about an hour in a function room at the Ying Pavilion in the Zhongnanhai party headquarters that evening.

Sitting in a wheelchair, Mr Deng watched the fireworks display through the floor-to-ceiling windows.

The patriarch was with his wife and children, in addition to his Sichuan-based sister, Major-General Deng Xianqun, who arrived in Beijing just before the Mid-Autumn Festival last month.

Mr Wan and his immediate family were the only guests present.

With the help of his lip-reading daughter Deng Rong, Mr Deng briefly engaged in small talk with Mr Wan.

The source denied a report in the official Wenzhou Daily last week, which quoted General Deng as saying that on October 1, "comrade Xiaoping watched the fireworks with the masses at the Diaoyutai (guesthouse)".

He said Mr Deng's doctors had "strictly forbidden" their patient to be exposed to the chilly night winds of Beijing.

When his health permits, Mr Deng discusses the transition, particularly personnel matters and the future of reform with Mr Wan, once his choice for the position of prime minister.

The patriarch has also helped shore up the authority of the "third-generation leadership collective with (President) Jiang Zemin as its core".

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It is understood, however, that Mr Deng is disturbed by the fact that many members of this leadership have built bridges to conservative elders such as Chen Yun to secure their position.

Deng watchers in Beijing said the patriarch would face a "tough test" this winter, when he would most likely go to Shanghai to escape the frigid weather in the capital.

Mr Deng's health markedly deteriorated in the past two winters and he recovered with intensive care.

#### **Sister: Deng in 'Very Good' Condition**

HK1410115694 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0751 GMT 14 Oct 94

[FBIS Translated Text] Beijing, 14 Oct (ZHONGGUO TONGXUN SHE)—Female General Deng Xianqun revealed that Deng Xiaoping was in very good physical condition [shen ti hen hao 6500 7555 1771 1170]. She said: "On the night of National Day, I accompanied him in watching a fireworks display in Beijing's Diaoyutai!"

General Deng Xianqun is Deng Xiaoping's younger sister.

She made the above disclosure during an inspection of Wenzhou from 2 to 3 October.

On 6 October, WENZHOU RIBAO published the news on Deng Xiaoping watching a fireworks display in Diaoyutai.

In answer to a reporter's question on the eve of National Day, Chinese Foreign Ministry spokesman Chen Jian also said that Deng Xiaoping was in good health [shen ti jian kang 6500 7555 0256 1660].

#### **Leadership Reshuffle Aimed at Overriding Zhu**

HK1510064594 Hong Kong SOUTH CHINA  
MORNING POST (BUSINESS POST) in English 15  
Oct 94 p 4

[By Irene So]

[FBIS Transcribed Text] China will soon launch new programmes to cool its overheating economy with forecast full-year inflation hitting 20 per cent, says Hong Kong economic analyst Thomas Chan Man-hung. Looming social unrest throughout the country, will force the government to adopt a policy of retrenchment in the coming few months, Mr Chan quoted sources as saying. He also said there were unconfirmed reports of reshuffle of the Chinese leadership as a move to override Vice-Premier and economic chief Zhu Rongji, who was criticised of failing to observe a tight money policy. The State Statistics Bureau on Tuesday also forecast the full-year inflation would hit 19.5 per cent, nearly twice the government's original target.

"I believe the government will soon adopt the one and only method—to retrench funds for credit and other

investment projects," said Mr Chan, reader and co-ordinator of the China Business Centre at the Hong Kong Polytechnic. He attributed the alarming inflation rate to farm product prices which have soared by about 50 per cent since last December, as the state increased prices to pacify discontented farmers. "The government has also injected too much money for investment expansion in the past two years. It's a totally wrong approach," he said.

He estimated with proper policies, China's economic growth in two years would reach a low but stable level of about seven per cent, before peaking again in 1997. He said, however, a "soft landing" would not happen in the next few years as the economic problems for the country were so complex.

To combat raging inflation, the central bank recently announced its highest interest rate subsidy so far this year. The State Planning Commission also has banned or delayed many development projects at the regional level according to Mr Chan. Meanwhile, the State Information Centre said yesterday it expected overall prices to fall during the next few months. The centre said the rise in the retail index price would be 14 per cent to 15 per cent in the fourth quarter of this year, following a 19 per cent rise during the third quarter the China Securities Daily [ZHONGGUO ZHENGQUAN BAO] reported. The nationwide consumer price index rose 22.8 per cent between January and August. During the first eight months of this year China's aggregate retail sales have shrunk by 12.6 times to only 968.5 billion yuan, compared with the same period last year.

#### **Li Peng Comments on National Economic Development**

OW1610135194 Beijing XINHUA in English 1320  
GMT 16 Oct 94

[FBIS Transcribed Text] Shenyang, October 16 (XINHUA)—It is an important guarantee for the continual, speedy and healthy development of China's national economy that China should deepen the reform, readjust the economic structure, promote the technological progress and improve the economic efficiency.

Chinese Premier Li Peng made the remark during his inspection in northeast China's Liaoning Province from October 10 to 15.

As an old industrial base in the country, Liaoning Province has one tenth of China's total large and medium state-run enterprises. Since the country is shifting from the planned economy to the market economy, these enterprises have encountered numerous difficulties.

To help solve the problems, Li convened a meeting with the managers of 18 large enterprises of the province. Li analysed that the reasons of the enterprises' predicaments lie in their heavy burdens accumulated from the

past, as well as in their management systems, industrial structures and internal administrations.

Li noted that China will shift its emphasis to the reform of the large and medium state-run enterprises in a bid to resuscitate them next year.

He stressed that, to enliven the large state-run enterprises, it is critical for them to have qualified director teams and market-oriented management systems.

He encourage these enterprises to develop a diversified economy while adhering to their main trades.

During his inspection, he visited Shenyang Liming Engine Company and Shenyang Aircraft Manufacturing Company, and held discussions with the local officials and experts on the development of aerospace industry.

Li also reiterated that the leaders of all levels should pay attention to the people's life by macro-control the prices of the staple food and vegetables.

#### **Hu Jintao Addresses Local Leaders on Party Building**

*OW1510041394 Beijing XINHUA in English 0031 GMT 15 Oct 94*

[FBIS Transcribed Text] Beijing, October 14 (XINHUA)—A senior party leader today called on local party leaders to integrate the building of ideology and work style with party organizational building so as to carry out the "great project" of party building in an overall manner.

Speaking to a research class participated by 53 officials at provincial levels which concluded at the Party Central School today, Hu Jintao, member of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) Central Committee, urged the local leaders to study Deng Xiaoping's theory on the building of the party as a ruling party and some major issues concerning the building of party organizations.

The fourth plenary session of the 14th CPC Central Committee, which was held at the end of last month, he said, is an important conference in the critical period in China's reform and opening up to the outside world and modernization drive.

In the current world which is undergoing profound changes, he said, it is a new topic, new task as well as new project to build up well the party which has 54 million members.

The world acknowledged achievements scored since China started to pursue reform and open policy are inseparable from the achievements in party building, Hu, also member of the Secretariat of the CPC Central Committee and head of the Central Party School, continued.

During the course of building socialism with Chinese characteristics, he said, party building means the

building of the party headquarters and the building of the party as a vanguard. These will exert influence on the construction in various fields and are critical to China's development and social and historic advances.

In party building, he said, one must have a wide field of vision to take both domestic and international environment into account. China should handle its own affairs well if it wants to seize the opportunity in the current situation. The key, he said, is to strengthen party leadership and further build up the party.

The building of ideology, organization and work style, which are closely integrated with each other, constitutes the basic points in the new great project, he said. Therefore, party building should be taken as a systematic project.

He urged the localities to study and implement the three basic points put forward at the fourth plenary session of the 14th CPC Central Committee, namely democratic centralism, the building of organizations at grassroots levels and cultivation and promotion of cadres.

To implement the decision by the fourth plenary session of the 14th CPC Central Committee, Hu put forward suggestions for the local party leaders, calling on them to link the study with the practical experiences and the reality and integrate with the work in deepening reform, further opening to the outside world and maintaining stability.

#### **Wang Zhaoguo, Li Ruihuan Visit Xinjiang**

*OW1610105094 Beijing Central Television Program One Network in Mandarin 1100 GMT 10 Oct 94*

[From the "National News Hookup" program]

[FBIS Translated Text] At a ceremony held recently in Urumqi to mark the presentation of a donation by the United Front Work Department of the CPC Central Committee and the All-China Federation of Industry and Commerce to Hetian County for a well-sinking project, Wang Zhaoguo, vice chairman of the National Committee of the Chinese People's Political Consultative Conference and director of the United Front Work Department of the CPC Central Committee, recently delivered a donation of 15 million yuan to a party and government responsible person of the Xinjiang Uygur Autonomous Region. [Video shows Wang Zhaoguo addressing the participants at the donation ceremony]

Since Xinjiang was liberated, with the vigorous help of the party and the government, more than 10 million people of all nationalities in Xinjiang have been able to use clean water. However, due to historical and geographical reasons, up to now the problem of drinking water has not been solved for 3.75 million people. Some of them still draw their drinking water from ponds and dams. This has seriously damaged their health.

When visited Xinjiang in August this year, Li Ruihuan, member of the Standing Committee of CPC Central Committee Political Bureau and chairman of the National Committee of the Chinese People's Political Consultative Conference, inspected drinking-water facilities for herdsmen and peasants in southern Xinjiang. Maintaining that the drinking-water problem is a matter of great importance that must be solved without delay, Li Ruihuan expressed his hope that the regional party committee and government would pay attention to this matter. In Hetian, after consulting with the responsible persons of the autonomous region and Hetian County, he suggested that with Hetian County serving as a pilot project, efforts should be made to organize and mobilize all sectors of society to raise funds from various channels to solve the problem of drinking water for the county as soon as possible, adding that the county's experience should be summed up and disseminated gradually. He pointed out: Through this experiment, efforts should be made to promote mutual aid and mutual love, to encourage the well-off to help those who are not yet well-off, to encourage the practice of going into the realities of life and the hardworking spirit, and to promote the practice of maintaining close ties with the masses and the spirit of serving the people wholeheartedly.

Under the arrangement and concern of Comrade Li Ruihuan, the United Front Work Department of the CPC Central Committee and the All-China Federation of Industry and Commerce have raised some funds in a short period of time. Many entrepreneurs and patriotic figures living abroad have donated money generously, saying that they are willing to carry forward the Chinese nation's fine tradition of rescuing the desperately poor and being always ready to help with a worthy cause and show their love for the minority people. At present, part of the funds needed for the well-sinking project in Hetian County has been raised.

At the donation ceremony, Comrade Wang Zhaoguo said: The party Central Committee and the State Council have never forgotten the weal and woe of minority compatriots, and are very much concerned about the drinking-water problem of the people in Xinjiang. It has been learned that the central authorities have decided to allocate 300 million of special funds to help Xinjiang solve the drinking-water problem for herdsmen and peasants in three years.

#### **Li Tiesing Inspects Shaanxi Province 10-15 Oct**

*OW1510171694 Beijing XINHUA in English 1614 GMT 15 Oct 94*

[FBIS Transcribed Text] Xian, October 15 (XINHUA)—China will shift its focus of reform to state-owned enterprises next year, with the aim to establish a modern enterprise system, said a senior Chinese official.

On an inspection tour of Shaanxi, northwest China, from October 10 to 15, Li Tiesing, member of the Political

Bureau of the Chinese Communist Party Central Committee and minister in charge of the State Commission for Restructuring the Economy, noted that it is China's major reform target to establish a modern enterprise system.

This, he said, is meant to seek a way to integrate public ownership with the market economy and develop an effective system for the state-owned economic sectors operating well in such an environment so as to emancipate and develop productive forces.

Accompanied by local officials, Li, also a state councillor, inspected the pilot projects of modern enterprise system in the province and reform experiment projects in Xian, the provincial capital.

Li hailed the achievements scored in Shaanxi's development as well as reform and opening up to the outside world.

"The key for Shaanxi and the entire western part of China to bridge the gap with the eastern provinces lies in further emancipating the mind," he said.

He urged the localities to promote the development of township enterprises, restructure the industrial set-up and step up the process of urbanization.

"We must be armed with fresh ideas for development and create new systems in reform," he said.

"Advantage in a good system comes first in competition," he said, adding that the guarantee for western provinces and regions to attain the second stage development strategies is to accelerate the establishment of the socialist market economy.

After summing up this year's economic development and major reform measures being carried out nationwide, Li said that next year the country will strive to further improve the system of macro-management in accordance with demands of economic development and structural readjustment.

At the same time, he said, coordinated and comprehensive reforms will be carried out in such areas as social security, market circulation and transformation of government functions, with the establishment of the modern enterprise system as the central task of reform.

Experiments in some cities on comprehensive reforms are intended to obtain experiences in this regard, with a view to making breakthroughs along with overall advancement in the process of building up a new system, he said, urging the pilot cities to further emancipate the mind.

Reform measures, once considered mature enough, should be implemented as soon as possible, he said, adding that bold experiments are necessary to deepen reforms in line with urban development strategies and practical issues in local economies.



**Li Tieying Attends Ceremony at Excavation Site***OW1410163994 Beijing XINHUA in English 1610  
GMT 14 Oct 94*

[FBIS Transcribed Text] Xian, October 14 (XINHUA)—Hailed as the "eighth miracle in the world", the no. 2 pit of the terracotta warriors and horses, today opened to the public in Shaanxi Province in northwest China.

State Councilor Li Tieying, who is also a Political Bureau member of the CPC Central Committee, cut the ribbon at the excavation site at the opening ceremony.

About 70 pottery figures and horses have been unearthed since excavation of the no. 2 pit started in March this year, according to Yuan Zhongyi, head of the excavating team.

It is rare to display the cultural ruin while the excavation is still going on, he said. In this case, people can not only see the original look of the pit but also learn something about archeological excavation.

Yuan, also a senior archaeologist, said that it is expected to take five to seven years, or even longer, to bring to light the 6,000-sq m battle arrays of ancient times.

A testing drilling shows that about 1,300 pottery figures and horses, 80 chariots and numerous bronze weapons are hidden in the pit.

Yuan said that some terracotta warriors, such as on horseback, in standing and shooting posture, or in kneeling and shooting posture, were only found in the no. 2 pit.

The no. 1 pit has been partly excavated and the no. 3 fully excavated, resulting in the finding of more than 2,000 pottery figures and chariots and over 40,000 bronze weapons.

The no. 1 pit was opened to the public in 1979 and no. 3 in 1989.

The three pits constitute part of the tomb of the Emperor Qinshihuang, the founder of the Qin Dynasty (221-207 B.C.).

More than 1,000 people attended today's opening ceremony.

**Ren Jianxin Calls For Improving Public Security***OW1610105294 Beijing XINHUA Domestic Service in  
Chinese 1100 GMT 10 Oct 94*

[By RENMIN RIBAO reporter Mao Lei (3029 4320) and Zhou Lixian (0719 4539 2009)]

[FBIS Translated Text] Beijing, 10 Oct (XINHUA)—The Central Committee for Comprehensive Management of Public Security [CCCMPs] held its 13th plenary session today. In accordance with the guidelines of the

Fourth Plenary Session of the 14th CPC Central Committee, the 13th plenary session, after a careful study, worked out a plan for strengthening the comprehensive management of public security in rural areas, improving railway public security, and cracking down on pornography and illegal activities in the book and publication markets, with a view to improving the comprehensive management of public security.

Ren Jianxin, member of the CPC Central Committee Secretariat and chairman of the CCCMPs, presided over the session and spoke. He pointed out: Strengthening party building constitutes a huge motive force and a fundamental organizational guarantee for comprehensively improving public security; at the same time, strengthening party building has set higher demands on the work of comprehensively improving public security. In essence, the comprehensive management of public security is an important task of safeguarding public security and social stability by relying on the party's authority and role as the core, by coordinating various forces in society, and by mobilizing and organizing the masses. Party committees and governments at all levels must attach importance to and support every aspect of the work related to the comprehensive management of public security and to the implementation of every measure. Grass-roots party organizations should also work very hard in connection with this work.

Ren Jianxin pointed out: Leading cadres at all levels, especially leading party and government comrades at the county and township levels, should thoroughly understand the significance of the struggle to rectify public security in rural areas as well as the related measures taken; know policies, legal limitations, and work requirements well; regularly go the frontline of the struggle to conduct investigations and studies, to guide work, to promptly discover and solve new problems, and to sum up new experiences; constantly raise, in practice, their ability and standard in carrying out the work of comprehensively improving public security; and fulfill their political mission of safeguarding public security.

Ren Jianxin demanded: In the struggle to rectify public security in rural areas, it is necessary to adhere to the principle of "combining cracking-down with prevention and solving both the problems and root cause of the problems, with emphasis on the root cause of the problems." On the one hand, in cracking down on serious criminal activities, we should deal blows at criminals with authority—accurately, relentlessly, and effectively—and punish them severely according to law, in order to show the people that the party and the government are determined to safeguard public security in rural areas. At the same time, in the struggle we must strictly stick to policies and know the legal limitations well. This means responsibility to law and to the party and the people. Party and government leaders at all levels and public security, procuratorial, and judicial departments must strictly adhere to policies. On the other hand, it is necessary to strengthen the building of grass-roots organizations and foundation work and strengthen the

building of democracy and the legal system in rural areas, as well as strengthen education of the legal system among peasants. This is a fundamental measure for solving the problem of public security in rural areas. To ensure success in this aspect, we must work hard and meticulously in a sustained way.

Ren Jianxin stressed: To deal with townships and villages where public security is in a chaotic state, we should follow the requirements of Fourth Plenary Session of the 14th CPC Central Committee and focus on rectifying the grass-roots organizations with weak, lax, and paralyzed leading bodies, while launching a struggle to crack down on criminals. In particular, we should make serious efforts to strengthen the building of village-level organizations with party branches as the core. We should also fully organize and mobilize peasants by publicizing the legal system, promoting education on the legal system, and improving public security in villages according to law, so as to make everyone bear the responsibility for safeguarding public security.

Ren Jianxin said: The current struggle to rectify public security in rural areas is progressing smoothly. This is because the party Central Committee, the Standing Committee of the National People's Congress, the State Council, and the central leading comrades such as Jiang Zemin, Li Peng, and Qiao Shi have attached great importance to and shown great concern for the struggle, and because local party committees, governments, and the party committees and party groups of the relevant central departments have universally attached great importance to and rendered vigorous support to the struggle. The struggle will yield the expected results only if the more than three million grass-roots party organizations fully carry out their role as the fighting bastion and only if the more than 54 million party members guide the masses to implement various measures pertaining to the comprehensive effort to improve public security.

Zhang Siqing, vice chairman of the CCCMPS, and responsible leaders of units which are members of the CCCMPS attended today's session. Chen Jiping, director of the General Office of the CCCMPS, made a report on the progress of localities and relevant departments in disseminating and implementing the guidelines of the national conference on improving public security in rural areas held last June. He made suggestions for future work. Han Zhubin, minister of railways, reported that the railway system has concentrated on rectifying public security and public order in large passenger-transport stations and on joint defense to protect railways during this year's work to comprehensively improve public security. Minister of Culture Liu Zhongde and Yu Youxian, director of the PRC Press and Publications Administration, reported on progress made in cracking down on pornography and illegal activities in the culture and publications market and made suggestions for future work.

#### Vice Minister at Occupational Diseases Meeting

OW1710085894 Beijing XINHUA in English 0840  
GMT 17 Oct 94

[FBIS Transcribed Text] Beijing, October 17 (XINHUA)—More than 20,000 cases of occupational diseases occur in China each year, posing a great challenge, said a Chinese medicare official here today.

He Jiesheng, vice-minister of public health, told some 500 delegates and scholars at an international meeting on occupational health that China has made tremendous achievements in the prevention and treatment of occupational diseases but problems are still severe.

She said that China attached great importance to the protection of workers' health and has established a nationwide network of occupational diseases prevention. The state has promulgated a number of laws and regulations concerning the protection of workers' health.

As a result, the incidence of chronic and acute occupational poisoning and other occupational diseases has dropped sharply.

But, some enterprises have yet to solve problems in worker's health protection, she said, adding that problems are rising in some rural enterprises and foreign-funded ventures.

"It is a new challenge in our efforts to build a socialist market economy," she warned.

The 14th Asian Occupational Health Conference, which was held once every three years, was co-sponsored by the Asian Association on Occupational Health and several Chinese medical organizations.

#### Chen Junsheng on Effort To Wipe Out Poverty

OW1610135894 Beijing XINHUA in English 1307  
GMT 16 Oct 94

[FBIS Transcribed Text] Beijing, October 16 (XINHUA)—China is determined to wipe out its abject poverty by the year 2000, solving food and clothing shortages for its existing 80 million poverty-stricken citizens, a senior Chinese official said here today.

Speaking at a rally marking the International Day for the Eradication of Poverty, which falls on October 17, State Councillor Chen Junsheng said China's determination is firm and unshakeable no matter how difficult it is.

He told the rally of about 400 government officials and resident representatives of the World Bank and United Nations Development Program (UNDP) that the 80 million is a fairly large group, although it only accounted for 8.72 percent of the rural population, and it will be very difficult to solve the problems of basic food and clothing.

Chen, who is in charge of China's poverty reduction efforts, told the rally that China has adopted a series of

anti-poverty measures at a national conference last March, which mapped out and issued a program to eliminate abject poverty by the year 2000.

The measures includes a sharp increase in state investment in poverty reduction efforts.

The 80 million people are largely distributed in the 592 poverty-stricken counties which have got support by the state.

These counties are mainly located in the midwestern mountainous regions, loess plateau areas, wild desert area and reservoir areas.

Still worse, the gap between the areas and the booming coastal regions is still widening, Chen said.

As part of the anti-poverty program, the central government has decided to increase its investment in the "work for food program" and in discount loans both by one billion yuan each year during 1994-2000, which brings the annual state investment in poverty reduction to nearly 10 billion yuan (about 1.17 billion U.S. dollars).

"To solve the abject poverty in China is an important part of the whole world's effort in relieving and finally eliminating poverty," the official said.

Despite great achievements made in social, economic and cultural development in the past decade, China's economy is still not strong and poverty still remains a fairly serious problem, he told the rally.

Chen called on international organizations further strengthen contacts and co-operation with China in the field of poverty relief work and be objectively informed with the basic conditions of China and the situation of its poverty-stricken population.

Officials from the ministries of agriculture, water conservancy, the State Science and Technology Commission, and the World Bank and UNDP also delivered speeches on their role in China's poverty reduction efforts.

Chinese Vice-Premier Qian Qichen attended the rally.

#### **Official on Merging Anticorruption Work**

HK1710023294 Beijing ZHONGGUO XINWEN SHE in English 0455 GMT 15 Oct 94

[FBIS Transcribed Text] Beijing, October 15 (CNS) - Mr. Liu Minxue, director of the State Administration for Industry and Commerce, said at an anticorruption working meeting of Administration that industrial and commercial administrative departments at various levels should combine anti-corruption move with their administrative work so as to speed up reform on administrative system for industry and commerce.

During the period from August of last year to June of this year, 12,522 cases have been informed by the masses to industrial and commercial administrative departments,

involving abuse of power for personal gains, irregularities and crude behavior made by market administrative staff. The departments rectified such unhealthy tendency with emphases laid on work like license issue, charging service fee and market administration as well as allocation of vendors' stalls, simplifying formalities for getting licenses and enhancing working efficiency.

At the same time, industrial and commercial administrative departments dealt with a number of economic cases. Since August of last year, 61 big economic cases each involving illegal earnings of over RMB [renminbi] 10,000 have been dealt with with 74 persons involved. These departments also sorted out service items with charge and canceled some unreasonable items. To date, service fee charged for 90 categories including 478 items have been canceled.

#### **State Council Urges Tighter Drug Management**

OW1410144894 Beijing XINHUA in English 1437 GMT 14 Oct 94

[FBIS Transcribed Text] Beijing, October 14 (XINHUA)—The State Council has issued a circular calling for tightened control over medicine management.

The circular stresses the importance of strengthening the drug management in the present period, saying that drug is a special commodity that has a great bearing on the health of people of the whole nation.

It says that to tighten the control over drug management is an important step to build up the people's health, maintain the social stability and guarantee a smooth progress of the country's economic construction and the reform and opening up.

China has reported a fast development in health and medical care over the past years. A number of laws and regulations on drug management have been put into force.

But, the circular says, there are still some problems in drug management. The illegal activities of making and marketing with fake and shoddy drug products have not completely been checked.

For this reason, the State Council urged governments at all levels to strengthen the management of drug production and sale.

According to the circular, all the enterprises for drug producing and marketing will be checked in accordance with the relevant laws and regulations. And efforts will also be made to restore the order of drug markets.

The circular says that close attention will be paid to enhancing the protection of intellectual property of medicine and medical products.

It also says that any illegal activities in the drug management will be severely be punished according to law.



### Chinese Dissident Liu Nianchun Released

HK1710100394 Hong Kong AFP in English 0945 GMT  
17 Oct 94

[FBIS Transcribed Text] Beijing, Oct 17 (AFP)—Chinese dissident Liu Nianchun, who was detained by police last May 26, was freed on Monday, his wife said. "My husband returned home this afternoon. He seemed to be in good health but is very tired and thinner," said Chu Hailan by telephone. "He was held in a hotel in Haidian, western Beijing," she said, adding that police had been placed in front of their house Monday.

Liu, 46, a veteran of the democracy movement, helped set up an independent trade union, the League for the Protection of the Rights of Working People. He had been detained during a wave of arrests of dissidents made before the fifth anniversary of the repression of the democracy movement in 1989.

One of the union's co-founders, Yuan Hongbing, has not been seen since March.

### Major Cities To Ban Mass Petitions, Gatherings

HK1710055594 Hong Kong HONGKONG STANDARD  
in English 17 Oct 94 p 1

[By Cary Huang, China Editor]

[FBIS Transcribed Text] In a move to defuse challenges from the dissident community in the fragile post-Deng Xiaoping era, China's communist leadership has recently ordered local legislatures in major cities to pass regulations outlawing mass petitions and gatherings.

The legislation is designed to crack down on "chaotic elements" before they develop into mass movements.

Beijing has attempted to avoid constitutional difficulty and outrage at home by not enacting a national law to bring about the clampdown.

The Chinese constitution says citizens have freedom of assembly, association and speech.

Called the Regulations on Letters and Visits for Complaints, the local statutes will outlaw public petitions and effectively remove people's constitutional right to free assembly.

In a recent internal instruction to local party committees and legislatures, the central authorities asked local people's congresses in major cities to pass regulations or decrees outlawing public petitions made by more than five people and restrict public assembly by tightening procedures for application, Chinese legal sources said.

The instruction was issued along with a draft of the regulation passed by the Beijing Municipal People's Congress.

The Beijing municipal regulation, to be published soon and scheduled to take effect on 1 January next year,

stipulates any petition to government bodies must not be made by five people or more.

It also says that any public petition and rally must be made in a written application to the relevant authorities at least two weeks in advance. [sentence as published]

However, the regulation also stipulates officials should be responsible and accountable in handling any complaints and petitions.

Praising the actions taken by Beijing's law-making body in suppressing "chaotic elements", the ruling Communist Party leadership asked local legislatures in major cities to follow suit by passing similar regulations or administrative decrees as a precaution against potential instability following sweeping reforms and concern over the health of Mr Deng.

By giving the statute the name of Regulations on Letters and Visits for Complaints and making it a local law, the authorities hoped to avoid controversy at home and abroad, a Chinese legal expert said.

The legislation also reinforces an instruction by party chief Jiang Zemin early this year, which said any unstable element should be wiped out in its "embryonic" stage.

In the internal circular, Mr Jiang, also state president, was quoted as saying: "Any unstable element should be wiped out when it is in the embryonic stage and any issue should be dealt with properly and thoroughly before it sprouts and grows roots."

Mr Jiang, the likely successor to Mr Deng as China's paramount leader, also appealed to local law-making bodies to work out effective measures to crack down on troublemakers and ensure a stable social environment by tackling both dissidents and criminals.

### Ye Jianying Family Find Fortune in Hong Kong

HK1710084794 Hong Kong YI CHOU KAN in Chinese  
No 230, 5 Aug 94 pp 124-34

[Article by Su Haiwen (5685 3189 2429): "Family Members of the Southern King Rush to Hong Kong To Take the Capitalist Road"]

[FBIS Translated Text] With Beijing's economic opening to the outside world, more and more descendants of the founders of the People's Republic of China have taken the opportunity to make a fortune in Hong Kong. Take the family of Ye Jianying the southern king [nan tian wang 0589 1131 3769] for example. Many of his descendants, like Ye Xuanlian [0673 6693 1670], Ye Xuanji [0673 6693 1015], Ye Xuanning [0673 6693 1337], Ye Xiangzhen [0673 0686 4176], Ye Wenshan [0673 2429 3790], Ye Xinfu [0673 2450 4395], Ye Xinlong [0673 2450 7127], and Zou Xiaokang [6760 1420 1660] have become new aristocrats in Hong Kong, where they have established a range of companies dealing with real estate, stock exchange, and trade businesses and have secured

properties with assets totaling more than HK\$1 billion [Hong Kong dollars]. Ye Xinfu has even sent his wife and children to settle in Canada, so that he lives the life of an astronaut [taikongren 1132 4500 0086; pun on Cantonese expression for a man living apart from his wife] with a freer hand in taking the capitalist road.

#### **Ye Xinfu Ranks Himself Among the New Aristocrats in Five Years**

The eldest son of Ye Xuanping, Ye Xinfu, is valor and vigor personified. Even the other members of the Ye family admit that he "excels at making money." Within five years after arriving in Hong Kong he had set up at least six companies, big and small, acquired houses in several places for his personal use, and amassed a fortune as much as HK\$400 million, emerging as an aristocrat from the newly-arrived immigrants.

#### **Succeeding Through Pull**

Ye Xinfu is a short man of 1.65 meters, in his late thirties, resembling his father Ye Xuanping in appearance, officious in character and demeanor. He has been in the business field for some time. He started his career as a businessman in Guangzhou more than 10 years ago, one of the earliest group of senior cadre offspring who plunged into the sea to do business. Named Ye Weiping [0673 5898 1627] then, he assumed the post of managing director of the Guangzhou Guangdong Company, which had a subsidiary in Shenzhen. For business reasons he travelled frequently to and from Guangzhou and Hong Kong and thus made the acquaintance of many important figures in Hong Kong's commercial circles.

At the end of 1989, he came to Hong Kong for permanent residence, renamed himself Ye Xinfu, and rented an 800-square-foot office on the 16th floor of the Star House in Tsim Sha Tsui to be used as the first foothold of his march into Hong Kong. There he established a company named Fung Fook Enterprise Ltd., which means "having good luck" in Chinese, owning 20 percent of its equity. Of his partners Yu Jing, Dong Lixiang, Feng Cheng, and others, Yu had the closest relations with him, offering him an apartment of over 800 square feet on the 12th floor of block three of phase seven Whampoa Garden in Hung Hom, where he lived until 1992, when he moved to his newly-bought house on Tin Hau Temple Road on Hong Kong Island.

Soberly aware of the truth of the proverb that a powerful dragon might find it difficult to subdue a local snake, he did his best, during his early days in Hong Kong, to make use of favorable conditions and avoid disadvantages, mostly doing business with joint ventures run by townships and town enterprises in Guangdong Province, although he was paid only with renminbi [RMB] notes. He therefore often said to others in a joking way that he "built up his business by earning RMB."

#### **Fighting His Way Into Central in 1992**

Following his first success, Ye Xinfu launched his second battle in Hong Kong, that is, to purchase the Ngai Chi Limited (original chairman Suen Man-kit) and put up his own signboard of Po Fook Fund with its office located on the 29th floor of the Shun Tak Center at Connaught Road Central in Sheung Wan. Having envisaged with far-sightedness profitable prospects for Hong Kong's funeral and interment service, he put in his investment to buy land at Po Fook Hill in Sha Tin and later became a big shareholder of Ko Yue Development Ltd. running the Po Fook Hill Ancestral Worship Hall. In August 1991, he set up yet another company, Fook Chuen Development Ltd., whose main business was to make investments in real estate. The word "fook" [fu 4395] is found in the names of every one of his companies, an interesting reflection of his name, Ye Xinfu.

The accomplishments of his first three years prompted him to fight his way into the financial center in Central to display his talent and ability in Hong Kong's stock exchange arena. He found a partner in Wei Ke-hua, who, as a founder of the Peregrine Investments Holdings Ltd. and an effective supporter of Philip L. Tose (now chairman of the Kwong Sang Hong and of Peregrine Investments Holdings Ltd.) in establishing the Vickers Ballas Securities Hong Kong Limited, was a shrewd person and, being an intimate friend of Ye, was only too glad to accept the invitation. In July 1992 the establishment of PW Asia Holdings Limited was announced, with registered capital amounting to HK\$50 million and more than half of its equity owned by Ye Xinfu. PW Asia Holdings rented an office of 2,000 square feet on the 31st floor of the Alexandra House at Chater Road in Central and hired 20 employees to start its operation.

#### **Becoming Board Director of Tse Sui Luen Jewellery (International) Ltd.**

Ye Xinfu was one of those who had engineered the PW Asia Brokerage Ltd.'s breaking into the mainland market. Last year, PW Asia Brokerage Ltd. set up a securities branch on the British side of Chung Ying Street in Sha Tau Kok to attract stockholders from the other side under Chinese jurisdiction to buy stocks. Its real aim, however, seems to be waiting for the time to come when the mainland authorities open the border and permit overseas stock exchange firms to do business on the mainland so it can rush across the border as the earliest bird to catch the worm.

Directly opposite the branch of PW Asia Brokerage Ltd. there stand on the Chinese side of Chung Ying Street two jewellery shops belonging to Tse Sui Luen Jewellery (International) Ltd., doing brisk business. It is reported that these two jewellery shops make up 10 or even 20 percent of the company's total turnover and 30 percent of its profits. Moreover, the Tse Sui Luen Jewellery (International) Ltd. engages in cooperation with Beijing, Shanghai, and Guangzhou.

Again, it was Ye Xinfu who had helped plan the border crossing campaign of Tse Sui Luen Jewellery (International) Ltd. As a matter of fact, Ye has been a member of

the board of directors of Tse Sui Luen Jewellery ever since July 1993, and Ye's Cheerise Company owns 15 percent of its equity.

"We didn't look for him," said Tse Sui-luen's daughter Tse Wing-ye, executive director responsible for China affairs and internal administration of Tse Sui Luen Jewellery (International) Ltd. "He asked his friend to contact us after Cheerise had bought 10-some of our shares. We held a special meeting to discuss the matter and decided that he should be represented on our board of directors since he was such an important shareholder. Then we sent him our invitation."

"It's two years since Mr Ye joined your board of directors. To what extent has he played his part?" a journalist asked.

"You know, personal associations are very important in doing business on the mainland. Success mainly depends on human factors. And in this respect Mr Ye has helped us a lot."

Tse Wing-ye had a good opinion of Ye Xinfu, describing him as being well-mannered and quite agreeable, but she regrets that Ye Xinfu has not been much involved in the business of Tse Sui Luen Jewellery recently. "He must be very busy. Nowhere to be found. I reckon he has a lot of his own work to do."

#### Establishing Headquarters in Tsim Sha Tsui East

Indeed, Ye Xinfu has been as busy as a bee these days, so heavily occupied that newspaper reporters who wished to interview him paid repeated visits to his headquarters at the New East Ocean Centre in Tsim Sha Tsui East, only to leave disappointed without having seen a shadow of him. His secretary said, "Even I haven't seen Mr Ye for more than 10 days. He's very much engaged bustling about on the mainland!"

Two years ago, Ye Xinfu drew HK\$16.58 million to purchase two units of over 3,000 square feet on the third floor of the New East Ocean Centre in Tsim Sha Tsui East, which almost coincided with his setting up of PW Asia Brokerage Limited. The market value is now estimated at HK\$50 million, three times the original value. Early this year, four of his companies—Fung Fook Enterprise Ltd., Po Fook Fund, Fook Chuen Development Ltd., and Ko Yuc Development Ltd.—moved one after another into the new offices, which constitute the supreme headquarters for the commercial battle he is waging in Hong Kong.

Ye is a cautious man, to the extent that he appears tight-lipped about his business even in the presence of family members. Like many families of Hong Kong people, Ye is also an "astronaut," as his wife is residing in Canada. Two years ago he bought himself an apartment of nearly 1,000 square feet (now worth HK\$5 million) on Tin Hau Temple Road, spacious enough for a single man like him. He most likes to brag about his red two-door Benz 300 racing car, in which he often drives

swift as the wind and quick as lightning across Victoria Harbour. In his spare time after strenuous work he chooses to have himself massaged to recover from mental and physical fatigue.

Ye Xinfu's younger brother, Ye Xinlong, the second son of Ye Xuanping, also moved to Hong Kong, just two years ago. Having had the experience of working for the Guangzhou Ocean Shipping Company and later doing business on the mainland, Ye Xinlong is now handling business deals with considerable facility for his own company, Top Eminent Ltd., but he falls rather short of his elder brother Ye Xinfu in the field of trade.

#### The Four Wives of Ye Jianying

Ye Jianying, a marshal of the CPC, was married four times, which has never been made known in any CPC publication.

His first wife, daughter of a peasant family in his native Meixian County, was engaged and then married to him in obedience to their parents' decision. She gave birth to two children, Ye Xuanping and Ye Chumei [0673 2806 2734], and died of illness during the Anti-Japanese War.

His second wife, mother of Ye Xuanning, was married to him during the Red Army period, and was forsaken by him afterwards. Her son had, however, treated her with filial respect till she died a couple of years ago.

Ye Jianying married his third wife during the Anti-Japanese War. She gave birth to their daughter Ye Xiangzhen, but they were divorced in 1949 after the People's Liberation Army fought into the city. It was said that she was so badly upset after having been charged with indiscreet conduct in her relations with a bodyguard that she suffered a slight mental disorder. Today, old and sick and confined to a small room in a narrow lane in Beijing, she is reduced to leading a forlorn life without anyone to look after her.

Ye Jianying's fourth wife is the mother of Ye Wenshan and Ye Xuanlian. Still living in Beijing, she makes both ends meet with the miserable sum of her retirement pay, receiving little help from her children.

#### Ye Xuanlian, Vanguard in Taking the Capitalist Road

Ye Xuanlian, the youngest son of Ye Jianying, is only a few years older than his nephew Ye Xinfu. As recently as 10 years ago, he came to Hong Kong amidst the first group of immigrants following the Cultural Revolution, one of those senior cadres' descendants who rushed to Hong Kong to involve themselves in business the earliest. His English name is Toutou Yip and his pet name is "Toutou" [7333 7333]. Ye Xuanlian is now a permanent resident in Hong Kong. At the beginning of 1993, he made a surprising move, spending over HK\$133 million to purchase the entire 23d floor of Tower One of the Admiralty Centre in Admiralty, now worth HK\$300 million.



**Running Into Snags Upon Arrival in Hong Kong in 1979**

Powerfully built when young, Ye Xuanlian served in the 24th Division of the PLA Air Force as one of the first pilots who flew tridents (which were then the most sophisticated airplanes in the Chinese Communist air force and which happened to be the type of airplane Lin Biao took in his escape). At the end of the seventies, he migrated from Beijing to Hong Kong for the purpose of doing business. But things went bad for him at the outset, because at that time the mainland had just begun to pursue its open policy while Hong Kong's business circles in general lacked the "China concept," and Ye Xuanlian himself was then short of experience trading in Hong Kong. Although he managed to become partners with some Hong Kong businessmen in several transactions, he did not actually earn much.

He tried to cooperate with his second elder brother Ye Xuanning, whose Hoi Lei Company had a great financial capacity in Hong Kong, yet they soon parted because of discord.

He could not help but turn to the Kwok Yuet Group, which had good relations both with the mainland and Taiwan, and assumed the position of president of a company for two or three years, earning a monthly salary of over HK\$20,000. According to a businessman who had once worked with him in that company, "Ye Xuanlian did not have much say there. What he did was literally receive his pay every month from the boss. Besides Ye Xuanlian, the son of Su Zhenhua (former commander of the Chinese Communist navy) and a relative of Chiang Hsiao-wu (Chiang Ching-kuo's son) held high positions in the company."

In 1991, he and his wife Su Dandan [5685 0030 0030] (once an actress in the Song and Dance Ensemble of the PLA's General Political Department) joined hands in setting up the National Brilliant Trading Firm, having rented three small offices on the ninth floor of the Cindic Tower on Gloucester Road in Wan Chai and started business on a small scale. With an interest in art and culture, Su Dandan bought Beauty Plan Investment Ltd. and renamed it Nam Fau Art Press in 1990, and the next year she again renamed the press as Asian Art Blooming Publishers Ltd., publishing art books. The aforementioned two companies only employed four or five hands, all squeezed in the small offices working together. In addition, Ye Xuanlian and a local businessman Au Wai-hung made a concerted effort to set up Sun Lui Investments Ltd., located at Connaught Road West.

**As Luck Would Have It**

Much good luck befell Ye Xuanlian in 1992, when a new business fever swept the mainland, lifted by Deng Xiaoping's southern inspection tour. Everywhere people were seen speculating in stocks and real estate, and state-owned enterprises with large financial resources were turning their eyes to the profitable market of Hong Kong.

Ye Xuanlian lost no time to cooperate with Au Wai-hung to establish Main Eagle Development Ltd., their partner being Guangdong's biggest mammon, the Industrial and Commercial Bank, which sent their senior executives Qiu Yunan, Huang Hanwen, Mo Jianwei, and He Weirong to be on the board of directors.

Backed by a state bank, Ye Xuanlian spoke louder and spent money unrestrainedly. He withdrew HK\$133.08 million to purchase the entire 23d floor, covering an area of nearly 30,000 square feet, of Tower One of the Admiralty Centre in Admiralty. One-third of the offices were leased to Shanghai Shen Yin (Hong Kong) Securities Ltd. which had just advanced into Hong Kong, and Zhong Qiao Investments Ltd. He kept the rest of the office space for his own use, moving several companies there from Wan Chai that he had thus far propped up.

**Selling Houses To Make Fat Profits**

Soon afterwards, Ye Xuanlian set up the Golden Arch Real Estate Development Co., Ltd. subordinated to the Main Eagle Development Ltd., in the charge of Au Wai-hung. In 1993, when Guangzhou's real estate business poured into Hong Kong like avalanches, Golden Arch became the agent in Hong Kong for two huge entities. One of them, Richland Tower, a 36-story luxury highrise situated in Guangzhou's downtown commercial area, contained over 160 units with an average area of 1,400 square feet per unit and the selling price of HK\$1,028 per square foot. The other, Yin Han Terrace, an 18-story apartment located close to the Tian He Sports Center, contained 130-odd units with an average area of 1,300 square feet per unit and the selling price of HK\$1,100 per square foot. It is estimated that the Golden Arch Real Estate Development Co., Ltd. has already received a commission of more than HK\$10 million, having sold 90 percent of the two buildings.

Not long after, the Guangzhou Municipal Government decided to develop in an all-round way Er Sha Island in the Zhujiang He, turning it into a complex to include parks, schools, shops, and residential buildings. Ye Xuanlian rushed there before others had a chance, to obtain the development rights for a large piece of land on the island. He named the piece of land Golden Arch Garden, in which he planned to build 10 deluxe villas, 20 ordinary houses, and six huge seven-story apartments. Five buildings of the first project have already been put up for sale in Hong Kong, containing nearly 100 units with an average area of 1,900 square feet per unit and the selling price of HK\$1,850 per square foot. Up to now, 50 percent of them have been sold out.

**Panning Out in Shanghai**

Meanwhile, the New Continent (Enterprise) Corporation jointly sponsored in 1992 by Su Dandan and Ye Xuanlian's cousin Ye Xuanji was also making profits. Ye Xuanji's father is Ye Jianying's brother Ye Daoying [0673 6670 5391], who had been a Hong Kong resident while doing underground work in Hong Kong as a

merchant for the CPC in 1949 and later returned to Beijing, where he lived until he died a few years ago. It was in the mid-eighties that Ye Xuanji came to settle in Hong Kong and has since had his ups and downs in business.

In his early years in Hong Kong, Ye Xuanji was also down on his luck. He first took a post in Jin Lian Company Ltd., an agency of the Tianjin Municipal Government in Hong Kong, but he was later compelled to leave for his disagreement and friction with the company's managing director. Then he turned for help to Wang Jun [3769 6511] (son of Wang Zhen), who, considering the help he had rendered in obtaining approval from the competent authorities for the establishment of CITIC, took him on as a counsellor, giving him a few thousand dollars a month as his salary, a credit card for his personal use, and a suite of rooms to live in on Ventris Road in Happy Valley, free of charge.

Good luck did not come to him until 1992, when he and Su Dandan jointly set up the New Continent (Enterprise) Corporation with two influential state-owned enterprises from Shanghai as their partners. One of them was a real estate management company in Nanshi District, an old district containing more humble and dangerous houses than any district in Shanghai, which needed to be demolished and rebuilt. What is more, this company was directly under Shanghai's Real Estate Bureau and therefore enjoyed advantages both in the leasing of land and in procurement for construction. The other state-owned enterprise was the Shanghai Huanyu Import and Export Corporation, located in the Pudong New Area and enjoying various kinds of preferential treatment. So far, the New Continent (Enterprise) Corporation has earned profits up to several million Hong Kong dollars. Ye Xuanji also has an interest in Main Eagle Development Ltd. and in Sun Lui Investments Ltd.

He is a divorced man, his ex-wife the daughter of Lu Zhengcao [0712 2973 2347], a famous Chinese Communist general, and he has a daughter, who has difficulty in moving about owing to polio she suffered in infancy.

#### Moving to Repulse Bay

For three or four years after they came to Hong Kong, Ye Xuanli and his wife Su Dandan lived in a house belonging to second brother Ye Xuanning's Hoi Lei Company. Even the car they used had been borrowed from Ye Xuanning and has not been returned yet. In 1987, they spent HK\$1.12 million to buy a 1,000-square-foot unit on the sixth floor of the Begonia Mansion in Taikoo Shing, where they lived for five more years.

When Ye Xuanli made a fortune in 1993, he sold the apartment in Taikoo Shing for HK\$4.3 million, which, with an additional sum of over HK\$7 million, he used to purchase an apartment of over 1,000 square feet in Block 8, No. 4 South Bay Road, Repulse Bay, away from the hustle and bustle of the downtown area. He has two

daughters, the older age 14, now studying in Britain, and the younger age 8, living with him and adopted by a wealthy lady from Hong Kong when she was a little child.

#### Ye Xuanning From Beijing Also Making Money in Hong Kong

Although he is an army officer, Ye Xuanning is endowed with great business acumen. His Hoi Lei Company made its advance into Hong Kong before many others, holding an enormous reputation in real estate circles. In May 1992 he joined hands with several financial groups in purchasing No.9 Queen's Road Central for HK\$3.8 billion, an act that created a big stir all over Hong Kong. As to how many properties Hoi Lei Company really owns, it is difficult to estimate. The current value of Ye Xuanning's two units in the Park Towers in Tin Hau alone already exceeds HK\$15 million.

His wife Qian Ningge [6929 1337 2047] is also very capable, known as the shrewdest woman in the Ye family when it comes to making money, comparable to Ye Xinfu. She has settled down in Macao, doing business with her partner Ho Hung-sun. Pearl Villa in Zhuhai is one of their real estate development schemes.

Ye Xuanning and his wife have a 20-year-old son and an 18-year-old daughter, both of whom have been sent to the United States to study.

#### Ye Xiangzhen and Ye Wenshan

Residing in Hong Kong, Ye Xiangzhen (Ling Zi) [0407 1311] and Ye Wenshan (Xiao Ying) [1420 5391] are now neighbors at Garden View Heights, No. 19 Tai Hang Drive, the former occupying a compound unit on the top floor covering 2,000 square feet and worth more than HK\$10 million, and the latter a much smaller unit on the second floor, with an area of only 800 square feet and a market value of HK\$6 million.

Ye Xiangzhen and her husband, pianist Liu Shikun [0491 6108 2492], suffered a great deal during the Cultural Revolution. At the end of the seventies, having divorced Liu, she married a famous photographer Luo De'an [5012 1795 1344] (Luo Dan) [5012 0030], son of China's renowned film producer Luo Jingyu [5012 7234 0056] and famous actress Li Lili [7812 5461 5461], who was the daughter of Qian Zhuangfei [6929 1104 7378], a well-known CPC martyr, and who enjoyed widespread screen fame in the thirties in Shanghai, having co-starred in the film "Bloodbath on Mount Lang" with Jiang Qing.

As Luo Dan was born in Hong Kong, Ye Xiangzhen moved there with him over a decade ago. In the years since, she directed the film "Brutal Nature" (starring Liu Xiaoqing [0491 2556 1987] and Yang Zaibao [2799 0961 5508]), only to be banned by the Chinese Communist authorities for its bold description of sexual desire. Recently, she has turned to business, with most of her transactions conducted with the mainland through her two trading firms located in Fortress Tower.

Ye Wenshan settled down in Hong Kong in December 1989, and thereafter has been busily engaged in the business of her own trading company.

### **Biography of Country's Energy Industry Founder**

OW1610091794 Beijing XINHUA in English 0830  
GMT 16 Oct 94

[FBIS Transcribed Text] Beijing, October 16 (XINHUA)—Biography of a major founder of China's energy industry is published today.

Sun Yueqi, 101, is the founder of China's first oil field in northwestern Shaanxi Province. China's first oil base—the Yumen oil field in the northwest—was developed also under his leadership.

At today's ceremony to mark the book's publication, officials from the Ministry of Coal Industry spoke highly of Sun's outstanding contributions to the growth of China's mining industry.

Sun served as chairman of the resources committee and economic minister of the Kuomintang government just before the founding of the People's Republic of China. Defying the orders of the Kuomintang government of moving resources to Taiwan, Sun handed over the mines and factories under his leadership to the People's government.

The Sun Yueqi Scientific and Technological Education Foundation also gave awards to 60 scientists and students today, Sun's 101st birthday. Formed in 1992, the foundation named after Sun has awarded 152 people from across country.

## **Science & Techonlogy**

### **CAS President on Invigoration Through Technology**

HK1710070094 Beijing ZHONGGUO GAIGE in Chinese No 8, 13 Aug 94 pp 11-13

[Interview with Zhou Guangzhao, president of the Chinese Academy of Sciences, by staff reporter Yang Songtang (2799 2646 1016): "Invigorate China Through Application of Science and Technological Advances: A Trans-Century Topic"; place and date not provided]

[FBIS Translated Text] [Yang] "Science and technology is the number one productive force." This thesis of Comrade Xiaoping has taken root in the hearts of the people for a long time. As the president of the Chinese Academy of Sciences (CAS), how do you understand this thesis? How do you see the relationship between science and technology and economic growth?

[Zhou] Science and technology originated in productive activities. But it broke away from production after the industrial age and became an independent human activity. Thus, it has undergone great changes in the range, level, and speed of development, and it can

develop by itself ahead of production. For instance, much of the electronic technology applied in the last half of this century was discovered or invented in laboratories at the beginning of the century. When going ahead of production, science and technology can help it develop in new directions and into new industries, if it is combined well with production. Atomic energy, electronics, radar, computers, and biotechnology are good examples of what was formed after the development of science and technology. Therefore, to have economic growth, we have to rely on science and technology.

The present high speed of world economic growth is to a great extent the result of the rapid development of science and technology. Take China as an example. China would be hopeless without relying on science and technology. Comrade Xiaoping understands well its importance. He pointed out long ago that "To develop China, we cannot do without science and technology," and "Science and technology is the primary productive force." As scientists and technicians, we consider Comrade Xiaoping's ideas highly correct and natural.

[Yang] Science and technology has its own characteristics. What opportunities do you think we should take to speed up its development in China?

[Zhou] To develop science and technology in China, we must fully understand both our strong and weak points. Generally speaking, China not only lags behind the Western developed countries economically but also in science and technology. In addition to the factor of tradition, there are also the factors of funds and equipment. But our advantage lies in our large population, so that we have more intellectual resources. Having a clear understanding of these, we should take the opportunity to "put ourselves at the center" and catch up with other countries.

The first opportunity we should grasp is to speed up the study of basic science. It is long-term scientific research that develops ahead of production. It aims to solve the problem of understanding the world. We have to know the unknown to be able to utilize it. Therefore we have to know and understand its structure, interrelationships, and the laws of its movement. Such study is highly significant for human civilization, especially for one's worldview. For example, the three great discoveries of the 19th century—the conservation of energy, cytology, and evolution—contributed much to Marxism and dialectical materialism. The study of basic science is the future of production, a part of modern civilization, and a part of human culture. Science has endless mysteries and substantive content. In the study of basic science, on the one hand, we should not allot our time and energy to all subjects, and it is not necessary for us to catch up with others in all subjects. On the other hand, we should choose some fields in which to conduct studies where we are in a better position than others, projects for instance that do not entail too much investment but require high intelligence. If we can really concentrate our attention on



down-to-earth research, it is highly likely that we will take the lead in some fields. We can also select programs having to do with international cooperation. We should emphatically support with capital and human resources well-chosen key programs, to let them develop in the forefront of the world. The result of such programs will enrich human civilization and will be accepted by the world. Meanwhile, such programs will prepare human resources and technology for the development of China's advanced industries.

The second opportunity we should take is to select topics of study according to the needs of the market, so as to grasp opportunities for the growth of science and technology. A new technique or a new industrial department is usually born with some laboratory breakthrough and then transferred to production. Such is the process—from science to industry to market. On the other hand, once there is an industry, the market will in turn place new demands on the industry, which in turn will place new demands on science and technology. This is the process from market to industry to science. It can be said that some opportunity or motivation for scientific development comes from market; that is to say, market demand leads to scientific development.

In a market economy, a product's competitiveness is decided by more than one thing. In new product development, whether the technique involved is high or low should not be the first consideration, but rather whether the technique is the most needed and the most suitable in the market, and whether the cost is the lowest. We should not practice the most advanced techniques at present. Especially as far as China is concerned, high-tech products need substantial investment and are not competitive in the world market. Rather it is in intellectual industry where our intelligence is comparatively cheaper. We have to do medium-tech work with our high intelligence, so that we can do better than others do with their medium-tech and gain an advantage over them in quality and cost. This is like the story of "Tian Ji [a general in the State of Qi in the early Warring States Period] in the horse race."

It is quite difficult to find opportunities in a market. Choosing a target requires careful study—what product is needed in the market, choosing the proper techniques, opening up a market for the product, and forming a beneficial cycle. Whether the opportunity to form a new high-tech industry will appear is decided by more than one factor. We should undertake a strategy. Science and technology develops continuously, so that there are always opportunities arising. If we take them, we will promote economic growth and social development.

[Yang] What should we pay most attention to in order to grasp the opportunities?

[Zhou] There are always opportunities for science and technology development. Whether we are able to grasp them depends on the human resources we have. We must raise a new generation of people good at scientific

research and enterprise management—"fresh blood." We may face a lot of difficulties developing science and technology in a country like ours with its comparatively backward economy—we lack capital and advanced equipment. The only thing we have in abundance is people. This is our advantage. First we should educate and train them; second we should respect them and use them. We do have people, but whether they can be of good quality depends on education by our schools and by society as a whole. We should pay attention to both education in knowledge and ability and education in morality. Only then can we have people with both highly specialized knowledge and virtue. Educating people requires investment. It is true that we have a tight budget, but for the future of the country, we should invest in education. Even if it slows down our economic growth a little, we have to do this well. As the sayings note: "Education makes a country grow," and "Science and technology make a country grow"; we cannot do without the basic work. In my opinion, our own people and their scientific creativity are the guarantees for China's catching up with developed countries. Our human resources will guarantee further economic development and thus speed China's overall development. We should respect and reasonably use the people we train. We should fully utilize a person and his capabilities.

[Yang] Could you tell us which parts of our present system of science and technology do not fit the development of science and technology, and what we should do to reform it?

[Zhou] The system of science and technology used to be divorced from education and production. A research institution used to be a stagnant mechanism. Its employees could only enter but not go out. Or I should say, few employees could go out. Then it grew larger and larger, and its work efficiency became poorer and poorer. On the other hand, it was likely to produce a kind of "inbreeding." Such a mechanism suffocates creativity and new ideas. It has apparently grown out of date. Therefore, the first step of reform in CAS is to turn it into an open, mobile, and comprehensive institution of science and technology research. Professors and students of all universities and colleges are welcome to its laboratories. We hope that there will always be young people coming to work in CAS for five to 10 years, and then most of them will go out to the factories and schools to apply what they have achieved in the laboratories.

Furthermore, CAS should become a base for scientific research at the forefront, a base for the training of high-level scientists and technicians for society, and a base to promote the formation and development of China's high-tech industries. For this purpose, there is one problem that must be solved—the over-division and over-specialization of disciplines, while modern science and technology flourishes mostly with the integration of disciplines, and usually with many disciplines developing together. For instance, computer science has penetrated almost all the disciplines. Therefore, we must set

up some comprehensive research centers at the scientific cutting edge, enabling scientists of different specialties to work together on the same topic. Thus different ideas and methods can be exchanged, and science and technology can make more rapid progress.

To raise high-level scientists and technicians, we should enlarge the proportion of our floating staff. In the future there should be more temporary employees in CAS than permanent ones.

To promote the formation and development of China's new and high-tech industries, we should do two things. First, combine with enterprises, especially medium-sized and small ones. We believe that large enterprises will eventually set up their own research institutions, so they will not depend very much on other research organizations. Second, we should ask scientists and technicians to go out of the research institutions to set up new, high-tech industries which require intense intelligence, high competitiveness, and which may be replaced very quickly. Under such circumstances, we cannot simply transfer research results to medium-sized and small enterprises that already exist. Study and development are a part of its life. If we let the results go to the enterprises after the research, it will be too late, and competitiveness will suffer. We hold that, when some scientists and technicians leave the research institutions to run enterprises, the enterprises should also keep close contact with the research institutions in personnel exchange, information exchange, and capital provision. But finally we should help them to be independent in society and grow into modern enterprises.

At present the policy-making departments are more and more dependent on science for policy-making. CAS should do more in this regard. For instance, it can set up observation stations and research centers to observe natural phenomena and the effect of human activities on the environment, study the interrelationship of man and nature, and provide information and a scientific basis for the policy-making of the government.

#### **Development Plan, Program for 2010 Drafted**

*HK1510021394 Beijing ZHONGGUO XINWEN SHE  
in English 1202 GMT 14 Oct 94*

[FBIS Transcribed Text] Beijing, October 14 (CNS)—China is now working out the Ninth Five-Year Plan (1996-2000) for science and technology development as well as a programme for the year 2010, according to a circular issued recently by the State Planning Commission and the State Science and Technology Commission.

A leading team of the inter-province coordination joint conference composed of 30 departments and provinces and cities was set up and headed by the Minister of State Science and Technology Commission, Mr. Song Jian, and with the Vice-Minister of the State Planning Commission, Mr. Wang Chunzheng, and the Vice-Minister of the State Science and Technology Commission, Ms.

Deng Nan, as deputy heads. Ms. Deng is also director of the office of the joint conference. Eight special topics will be undertaken, namely research on prospects for major projects on the build-up of the national economy, main scientific and technological problems involved in agricultural development and work on relevant science and technology industry, key technology involved in large scale production in the industrial sector and work on relevant science and technology industry, main science and technology problems seen in social development and work on relevant science and technology industry, research on and exploitation of high technology, basic research and foundation work, the science and technology supportive system and scientific and technological input as well as establishment of a new science and technology system and cultivation of talented persons for science and technology industry in the next century.

A general target has been confirmed for the five-year plan for science and technology development as well as for the long term programme for the year 2010. It stated that the extent of contribution made by scientific and technological advance to economic growth would rise from 30 percent at present to 50 percent by the year 2000 and an increase of 10 to 15 percentage points in terms of contribution is pursued by the year 2010.

By the year 2000, the national technological level for main industry will reach the international standard seen in the late 1980s while some key professions have to meet the level of the early 1990s seen in developed countries. Appreciation as well as annual growth in export value of high technology industry will be higher than that for industry. By the turn of the century a number of high technology enterprises or enterprise groups each featuring an annual output value of more than RMB [Renminbi] 1 or 10 billion will be cultivated. A major breakthrough is sought in basic research on subjects with favourable conditions. A number of basic facilities are built for key state level science and technology research. Science and technology will be regarded as a main force to promote coordinated development between human beings and nature while striking effects are sought on environmental protection, ecological equilibrium and use of resources. A number of cross-century talented persons in the science and technology sectors are trained while a scientific and technological system in line with its development pattern is to be set up to promote the socialist market economy.

#### **Academic Institutions Form Link With Internet**

*OW1510143094 Beijing XINHUA Domestic Service in Chinese 0956 GMT 12 Oct 94*

[FBIS Translated Text] Beijing, 12 Oct (XINHUA)—An "information superhighway"—the route to development in a future world—has become operational in Zhongguancun, according to a BEIJING RIBAO report. The Zhongguancun Information Network, with the Chinese Academy of Science and Beijing and Qinghua universities serving as its backbone, has been linked up with the

Internet, the trunk line of the U.S. "information super-highway." Professors and scholars are now able to communicate directly with the world and have access to the latest developments in global science and technology.

### Column Praises Telecommunications Development

HK1410120494 Beijing RENMIN RIBAO Overseas  
Edition in Chinese 11 Aug 94 p 1

["Footprint of the Republic" Column by Staff Reporter Wei Yuqin (7614 3768 3830): "Information Nerve Goes Through the Five Continents"]

[FBIS Translated Text] Visible and invisible lines link hundreds of thousands of Chinese cities across the five continents. In China today, urban and rural telephone networks with automated switchboards and on a long-distance communication network incorporating optical cable, cables, microwave links, and satellite hook-ups, people can transmit sound and vision in seconds simply by dialing a few numbers. Major developments in telecommunications services, which have covered the world—just a short distance away yet poles apart—has made the legends of "far-seeing people" and "persons who can hear voices from a long way off" come true. The telecommunications services have become the "information nerve" that knows the world and enables its residents to communicate with each other.

#### I.

At present, China's post and telecommunications industry is developing at a speed which has rarely seen. Figures have shown that the growth rate reached 18.3 percent in 1985, exceeding for the first time that of the national economy; during the entire "Seventh Five-Year Plan" period, the annual average growth rate had already reached 22.5 percent; after entering the Eighth Five-Year Plan period, the industry grew by leaps and bounds, recording growth of 32 percent in 1991, 42.3 percent in 1992, and as high as 59 percent in 1993. This amazing rate of development has attracted attention worldwide.

In cities and rural areas, it is common for people to have pagers at their waists and mobile phones in their hand, and many make phone calls at home. The total capacity of China's telephone system was only 310,000 telephones in 1950. The system could accommodate 5.74 million telephones by 1978 and was able to handle 48.1 million telephones by the end of June this year, overfulfilling the goal of 48 million telephones for the Eighth Five-Year Plan period. In 1950, there were only 3,000 long-distance telephone lines in China, but this number went up to 19,000 in 1978, a 6.5-fold increase over 1950. By the end of June this year, the number of long-distance lines and the capacity of the long-distance automatic switchboard increased to 533,000 lines and 1.54 million terminals, fulfilling the Eight Five-Year Plan by 102.5 percent and 128.3 percent respectively. Today 2.2 percent of the population in China have telephones, a 5.5-fold increase over the 0.38 percent seen in 1978. In

some cities as much as 9 percent of the population have telephones. In Haikou, 27.9 percent of the population have telephones, while in Beijing the figure is 23 percent. In China, a qualitative leap has appeared in the telecommunications industry, exhibiting a high starting point, high technology, and development in leaps and bounds. In 1978, there was virtually no automation in China's long-distance calling services, but, when the first 10,000-telephone switchboard opened in Fuzhou in 1982, the computerized city telephone network and long-distance calling network achieved coverage of 90 percent and 99 percent respectively. Today, these percentages even exceed those of some developed countries.

From southern border to the northern regions, satellite dishes can be seen sprouting here and there in large and medium cities. China started making use of satellite communications in 1971, satellite TV channels started broadcasting in 1983, and now, after only one or two decades, China's six telecommunications satellites are orbiting the earth and connect with 44 satellite earth stations.

Across China, "information corridors" made up of optical cable trunk lines cross one another and intersect. Some even extend outside China and link up with international lines. By the end of July this year, the total length of China's microwave links amounted to 40,875 km, and the total length of the long-distance optical cables reached 45,846 km. China's first Grade One trunk line, the Nanjing-Wuhan Optical Cable Trunk Line, was completed at the end of the Seventh Five-Year Plan. With a total length of 808 km, it cuts across China from east to west and links up eight large and medium cities in four provinces through two communications trunk lines: Beijing-Wuhan-Guangzhou to the west, and Beijing-Shanghai-Hangzhou to the east. It also links up with the Wuhan-Chongqing Microwave Trunk Line. The 2,800-km southern coastal optical cable completed at the end of 1992, which begins in Nanjing and travels to Guangzhou by way of Shanghai, Hangzhou, and Fuzhou serves the most economically developed areas in China. Construction has already begun on the longest land optical cable in the world today, the Asia-Europe Optical Cable Project, which will be the first major communications artery to run across the continents of Asia and Europe. The Xian-Lanzhou-Urumqi section of the Optical Cable Project will be open in the near future and next year will be extended to the border between China and Kazakhstan. After completion, it will become China's primary outgoing international line.

#### II.

Looking at the development of communications services worldwide, we can see that gigantic changes have taken place since the invention of cable by Moores in 1837 and the invention of the telephone by Bell in 1876. Proceeding from China's national conditions and actual communications situation, and by following the general law of economic development and the special law of



communications development, China's communications services have succeeded in quickly finding a way to develop post and telecommunications services with Chinese characteristics. It has now become one of China's most rapidly developing industries. The reasons behind this are many:

A sober understanding and a clear-cut strategy. We adhere to the viewpoint that post and telecommunications are social productive forces which play an overall and guiding role in the development of the national economy, which form strategic focal points for the state's economic development, and which constitute a basic industry in society and the necessary conditions for reform and opening up. The experiences of various areas in China show that, where the telecommunications industry develops, there develops the economy, and, the more the economy develops, the greater the demand for telecommunications. With the construction of the market economic system, China's commodity, financial, securities, technology, labor, information, and various other markets will also take shape and develop rapidly. This will inevitably create a greater demand for telecommunications, and the development of the telecommunications industry must be made a priority and leading task.

A good opportunity and practical policies. In the major tide of the socialist market economy, the central authorities have taken the policy of "overall consideration, integration of departments with regions, responsibility held by levels, and joint construction" for the development of telecommunications services. In terms of leadership and management, the emphasis is laid on dual leadership by both the central and local authorities. In local telephone network construction, the initial installation expenses are funded by the collection of fees, so as to "support telephone network construction by telephone charges." In the construction of trunk lines across China, the central authorities take the lead and are supported by joint investments from the localities. Furthermore, the governments at various levels also actively offer many local preferential policies. All these policies enable China's telecommunications industry to involve "the state, localities, the collectives, and individuals" in construction. This system has played a crucial role in promoting the leap in the telecommunications industry.

To study new science and apply new technology. The post and telecommunications departments are firmly establishing the idea that science and technology are primary productive forces and are upholding the process of pursuing a high starting point, new technology, and active monitoring of the technological development of world communications. They are jumping past some of the traditional stages of communications technological development abroad and are widening the steps of communications modernization. During the Seventh Five-Year Plan period, out of 1,800 new scientific and technological achievements, the post and telecommunications departments were responsible for 988. They also

succeeded in developing an advanced 10,000-telephone computerized switchboard, which has been put into mass production. These departments developed, designed, and built through their own efforts many optical cable projects, and telecommunications also developed from an emphasis on visible lines to the comprehensive use of cables, optical cables, microwave links, and satellites. Rapid developments have been made in phone-card services, personal fax machines, video phones, and other advanced means of communications throughout the world. Nearly 1,500 cities in China have now automated long-distance dialing services, and 876 cities have achieved automatic telephone dialing services, injecting new vitality into economic development.

To import foreign funds and utilize advanced technology. We adhere to carrying out the state's policy on expanding opening to the outside world, conscientiously strengthening post and telecommunications international cooperation and exchange, fully utilizing advanced communications technology, equipment, and funds, drawing on advanced experiences in communications management, striving to do a good job in digestion, absorption, and blazing new trails, narrowing the gap between the level of China and that of the world, and strengthening the ability of self-reliance and international competition. Since 1984, the entire post and telecommunications industry has made use of \$4.6 billion in foreign capital, involving 14 countries, the Asian Bank, the Nordic Investment Bank, Cable & Wireless of the UK, and other organizations. Shanghai has developed computerized switchboards in cooperation with the Bell Company of Belgium; they plan to produce four million this year, and the domestic market share has reached approximately 50 percent. In Wuhan, the Ministry of Post and Telecommunications has mass-produced optical fibers and optical cables in cooperation with the Phillips Company of Holland, and these products have already been used in Grade One communications trunk lines in China. All these have enabled China's communications technology to catch up with that of the world in ten to twenty years.

### III.

According to information supplied by individuals from the Ministry of Post and Telecommunications, to meet the constant development needs of the national economy, the Ministry of Post and Telecommunications has worked out targets for development which will take us to end of this century: Build an urban and rural phone network with computerized switchboards as the main body and a total capacity of 140 million telephones. Enable 8 percent of China's population to have telephones—in cities of provincial capitals and above, coastal open cities, and economically developed areas, this figure is to reach 30 to 40 percent, with one phone for each family on average. In the rural areas, basically each village will enjoy phone services, and mobile phones will cover all large cities at the district and city

level and above, as well as the great majority of counties (cities) in China, and auto diffusion [zi dong man you 5261 0520 3355 3266] will basically be achieved throughout. Build up a long-distance digital transmission network based on optical cables, digital microwave links, and satellite communications, with 5.64 million automatic long-distance exchange terminals and 1.94 million long-distance lines. All cities at the county level and above in China will be able to dial domestic long-distance calls directly, and half will be able to dial international calls directly. Build a rapid and highly efficient trunk line post delivery network featuring the comprehensive use of various kinds of transportation, including air, rail, and roads. Build up a computerized network with express special delivery tracking facilities, newspapers and periodical publishing houses, postal dispatch services, and postal savings accounts. Basically achieve the automatic sorting of letters and packages in provincial capitals and major cities, and basically achieve comprehensive services and computerization at business counters in large and medium cities.

By the end of this century, China will have built a modern communications network whose capacity ranks highly in the world, which is at an advanced technological level, and which possesses a highly efficient operation network, provides top-quality service, and meets the multi-level needs of society. Further development of communications will certainly lay a solid foundation for the major development of China's national economy.

#### **Shanghai To Make 600-Megawatt Nuclear Power Generator**

HK1610055794 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 16-22 Oct 94 p 4

[Unattributed report: "Nuclear Generators To Be Made"]

[FBIS Transcribed Text] Shanghai plans to manufacture a 600- megawatt nuclear power generator by the end of this century.

Since 1988, the local government has provided loans of more than 17 million yuan (\$1.9 million) to fund scientific research on nuclear power plants.

The effort is supported by 20,000 workers from more than 180 colleges, research institutes and factories in the fields of machinery, metallurgy, instruments, chemicals and communications.

Shanghai started research on nuclear power for civilian use in 1974 and witnessed great achievements in the late 1980s. Local manufacturers have supplied 50 per cent of the major equipment at the Qinshan Nuclear Power Station in the northeast of Zhejiang Province—China's first locally designed nuclear power plant.

In preparing for operations in the first phase of the Qinshan project, local scientists conducted 240 experiments, developed 200 special instruments and established 22 large test rigs for long-term experiments.

The first phase of the Qinshan project has generated 3.6 billion kilowatt-hours of electricity since starting operation in late 1991.

Shanghai has set up three networks overseeing administration, technological research and quality inspection.

A task force consisting of 265 eminent scientists, engineers and college professors has been established in the city to guide the development of locally-made nuclear power station equipment.

#### **Conference Highlights Work of Young Scientists**

OW1410122294 Beijing XINHUA in English 1126 GMT 14 Oct 94

[FBIS Transcribed Text] Hangzhou, October 14 (XINHUA)—More and more young scientists are displaying their talent in the study of high-temperature superconductor, according to a recent academic conference in this capital of Zhejiang Province.

At present, about 1,000 young scientists are working alongside veteran scientists in 40 superconductor research institutions across the country. They have published about 300 academic papers on authoritative magazines and academic forums at home and abroad, and have developed 70 types of high-temperature superconductor materials of different crystals so far.

Some of the young scientists in universities and research institutions are taking the lead in academic study.

#### **University Professors Develop New Rice Strain**

OW1710083694 Beijing XINHUA in English 0826 GMT 17 Oct 94

[FBIS Transcribed Text] Wuhan, October 17 (XINHUA)—Two associate professors with the Central China University of Agriculture have succeeded in developing a new rice strain by crossbreeding two existing common Chinese rice with the help of a high-frequency apomictic rice material (hdar).

The two-year-long field testing in the western plain of Hubei Province has proved that the new strain, named A67 of medium non- glutinous rice, has the characteristics of bigger ears and higher output.

The two scientists spent four years in the development of the hdar and eventually succeeded in developing the new material for rice breeding.

A panel of experts which appraised the achievement regarded the use of the apomictic rice material in developing new rice strains as a breakthrough and called for trial plantation of the newly-developed rice strain A67 on a larger area.

#### **Military**

#### **Army Studies Deng's Military Economics Theory**

OW1610113694 Beijing XINHUA Domestic Service in Chinese 0443 GMT 15 Oct 94

[By reporter Jia Yuping (6328 3768 1627) and correspondent Hu Junhua (5170 0689 5478)]

[FBIS Translated Text] Beijing, 15 Oct (XINHUA)—It is understood from the All-Army Military Economic Research Center that the army has attained tremendous achievements in recent years in the study of Deng Xiaoping's theory of military economics in the new era. The army has issued over 1,800 theses and published some 80 monographs totalling over 20 million words in four years, thereby effectively promoting the army's modernization.

Experts and scholars feel that Deng Xiaoping's theory of military economics in the new era is an important component of Deng Xiaoping's theory of building socialism with Chinese characteristics, and very rich in substance. For example, several expositions have become scientific guide for China's national defense and army building. These expositions include: national defense and army building should serve the overall task of national economic construction; the formulation of military economic strategies should be based on national economic strength and economic potentials; the army should train the best soldiers; the army should train personnel for both military and civilian jobs; the development road of "integrating the army and people, combining peace and wars, developing superior and advanced arms, and supporting the army with people" should be adopted for national defense; military science should be shifted to serve the national economy; and military economic construction must be centered on raising economic efficiency.

The army's study in Deng Xiaoping's theory of military economics in the new era has the following characteristics: first, the Army has shifted its study from a fairly scattered study into a more systematic study. In recent years, the Army has successively published a group of large-volume research series, which include *A Series on the Theory of National Defense Economics*, *A Series on Modern National Defense Economics*, and *A Series on Military Economics*. These series have consolidated and deepened existing research achievements and brought about systematic study. Second, the Army attaches importance to combining basic theoretical study and relevant branches of social science studies, making its study more extensive and fruitful as well as producing works such as *A Course in Chinese Military Economics*, *The Theory of National Defense and Population*, *An Introduction to Industrial Mobilization*, and *The Theory of International Arms Trade*. Third, the Army has deepened its study in practical issues, providing more effective guide for troops. Works produced in this respect such as *A Study in the Issue of Turning Chinese Military Establishments to Civilian Use and Economic Reform for Chinese Army Under Market Economy* give fairly good guidance on some major issues in the practice of military economics.

These research achievements of experts and scholars have provided leading organs with scientific basis for policymaking and consultation services. After the introduction of the socialist market economic system, various

readjustments in economic reform measures for the national economy have directly or indirectly been reflected in military economics. These readjustments have been adopted by the State Council, the Central Military Commission, the General Logistics Department, the General Political Department, the General Staff Department, and relevant departments.

#### **Jiang Zemin's Concern for Double-Support Work**

HK1710050694 Beijing JIEFANGJUN BAO in Chinese  
30 Jul 94 p 1

[Article by Yang Sen (2799 2773) and Qiao Linsheng (0829 2651 3932): "Be of One Heart and One Mind: Record of General Secretary Jiang Zemin Expressing Interest in the Work of Supporting the Army and Giving Preferential Treatment to the Families of Soldiers and Martyrs and Supporting the Government and Cherishing the People"]

[FBIS Translated Text] On the afternoon of 22 July 1994 a grand meeting was held in the Great Hall of the People to nominate the model cities and counties outstanding in double support work. Comrade Jiang Zemin, General Secretary of the CPC Central Committee, President of the PRC, and Chairman of the Central Military Commission, together with other leaders of the party and the state, warmly received all the representatives who attended the meeting. Comrade Jiang Zemin pointed out that in the new situation, socialism with Chinese characteristics will certainly be accomplished as long as the PLA and the people of the whole country are closely united. Jiang's remark has greatly inspired the broad masses of the people and soldiers as well as the meeting participants. For years General Secretary Jiang has been observed working arduously for the enhancement of the heart-to-heart relationship between the PLA and the government and between the Army and the people as well. Constantly interested in double-support work, Jiang has provided significant input to the work to consolidate the unity between the Army and the government and between the Army and the people, which the Army and the people alike have borne in mind.

**Following in the Steps of the Old Generation of Revolutionaries Like Mao Zedong and Deng Xiaoping, General Secretary Jiang Has Visited the Former Revolutionary Bases One After Another. He Has Repeatedly Instructed That Throughout the New Period the Excellent Tradition of Supporting the Army and Giving Preferential Treatment to Soldiers' and Martyrs' Families and of Supporting the Government and Cherishing the People Be Better Inherited and Carried Forward**

Fifty-one years ago, in the hard days of war, Comrade Mao Zedong initiated the double-support campaign in Yanan and the Shaanxi-Gansu-Ningxia border area. In the past five decades, the double-support undertaking, which has become one of the excellent traditions of our party, Army and people has been playing an extremely important role in our revolutionary cause and economic development.



Based on the new conditions confronting the relationship between the PLA on one side and the government and the people on the other throughout the New Period, Comrade Deng Xiaoping pointed out incisively: The unity of the Army and the people is a non-negotiable principle. Taking the new conditions into consideration, we must do everything to improve the relationship between the Army and the people and to consolidate the unity between the Army and the government and between the Army and the people (hereafter referred to as the Army-government-people unity). He has fully approved and enthusiastically encouraged new practices created by PLA soldiers and civilians in the work to enhance Army-government-people unity. On more than one occasion, he inscribed in praise of the joint efforts made by soldiers and civilians in building up socialist spiritual civilization and in winning the title of the Nationwide Double-Support Model Cities and Counties.

The third generation of China's leadership group with Comrade Jiang Zemin as the core have assumed from their predecessors the heavy task of leading the whole party, the whole Army, and all the nationalities of the Chinese people to carry out the socialist modernization drive. Meanwhile, they have also inherited and carried forward the glorious tradition of double-support work, bringing about brilliant accomplishments in strengthening Army-government-people unity.

In autumn 1989, Comrade Jiang Zemin, who had just assumed the position of general secretary of the CPC Central Committee, travelled all the way to Yanan, the birthplace of the double-support campaign. On the inspection tour, he inspired the Army and people to unite closely to work hard for building a new Yanan. When talking with the local responsible comrades who accompanied him touring Nanniwan, he commented that the great production campaign undertaken jointly by the Eighth Route Army and the Nanniwan people should never be forgotten and that we should adhere to and carry forward the spirit of self-reliance and arduous struggle.

In June 1993, when General Secretary Jiang once more came to inspect the provincial military and civilian leaders, he expressed his eager expectations that the Army and people in Shaanxi Province would further consolidate Army-government-people unity so as to make new contribution to the undertaking of building socialism with Chinese characteristics.

In recent years, General Secretary Jiang, following in the steps of the old generation of revolutionaries, has visited the former revolutionary areas one after another, greeting the people there who rendered tremendous service to the Chinese revolution and the development of the people's army; encouraging the people and the troops stationed there to inherit and carry forward the excellent traditions of our party and Army and to do a good job for Army-government-people unity, and to work hard for the undertaking of reform, opening to the outside world, and the construction of modernization.

In Baise County, Guangxi, where Deng Xiaoping led an uprising, shortly after getting off the airplane Comrade Jiang Zemin took a 50-km drive to pay a visit to the Baise Uprising Memorial. In front of the monument, he laid a wreath, made three deep bows, and then took a close look at the inscription and reliefs on the memorial. Guangxi is one of our former revolutionary bases, Jiang commented with respect. In the era of revolutionary struggles the local people of various nationalities did a lot to support our guerrillas, Red Army, and PLA. In the current new era we must continue to keep the harmonious atmosphere in which the Army and the people are united as closely as fish and water, and to lay a foundation more profound and more steadfast Army-government-people unity.

In January 1993, a meeting was convened in Yanan to commemorate the Double-Support Campaign which took place 50 years ago. Comrade Jiang Zemin attached great importance to the event. With his authorization, Liu Huaqing, Political Bureau Standing Committee member and vice-chairman of the Central Military Commission, and several other central leading comrades attended the meeting on behalf of the CPC Central Committee, the State Council, and the Central Military Commission. Furthermore, he personally examined a speech to be delivered at the meeting by Comrade Chen Junsheng. The oration through Jiang's examination stated: Double-support work, which has undergone numerous tempests and upheavals, has proven admirably successful over the past half-century. Looking retrospectively on the brilliant career of our revolutionary cause, we realize that double-support work is the necessary product of the Chinese revolution and economic development, because it beats in harmony with the nation's pulse and develops according to the tempo of our socialist cause. Under the leadership of the CPC, the essence of double-support work is to unite the Army and the people as one to strive to accomplish the party's lofty mission and for the common benefit of the people of all nationalities of China, with the party's political line as the foundation.

**Under the Present Circumstances of Reform and Opening to the Outside World, General Secretary Jiang Has Repeatedly Emphasized That the Consolidation of Army-Government-People Unity Must Be Regarded as a Strategic Task Closely Related to the Permanent Security of the State and the Prosperity of the Nation, and, Therefore, This Important Work Must Be Well Performed in Terms of Quality and Quantity**

Reform, opening up, and socialist modernization have entered a new stage of development. Our cause needs stronger Army-government-people unity. With foresight, Comrade Jiang Zemin has repeatedly stressed that great attention must be paid to Army-government-people unity, the foundation of strength of the invincibility of our cause, since it is a matter of utmost importance that constantly influences the overall situation. We therefore should cherish this unity as we cherish our eyes.

In the past several years, at certain important meetings or on his inspection tour throughout the country or to PLA units, Comrade Jiang Zemin has more than once expounded on the key significance of consolidating Army-government-people unity in promoting reform, opening up, and modernization and in safeguarding social stability and national security. He has pointed out that in view of the complicated and erratic international situation, properly handling our internal affairs with our concentrated energy is of vital importance. The primary task is to develop our economy and, in the meantime, to push forward other undertakings, which, as a matter of course, include improvement of Army-government-people unity. As long as the Army, government, and people always maintain heart-to-heart ties in weal and woe, the success of our cause will be fully assured.

Wherever he goes, General Secretary Jiang Zemin always keeps in mind the consolidation of Army-government-people unity. He has frequently cited Chairman Mao's axiom: If the army and the people are united as one, who in the world can match them? And he has also repeatedly pointed out that the saying is a truth that eternally bears instructive significance. Jiang places emphasis on complying with Comrade Deng Xiaoping's instructions that no matter what the circumstances, the principle of the unity between the Army and the people shall remain unchanged and that constant and regular propaganda and education in this respect shall be unremittingly carried out.

It was in an early spring in February that Comrade Jiang Zemin paid a visit to Henan Province. Travelling from the northern provincial towns Puyang, Anyang, and Xinxiang to Luoyang in the west, Lankao and Faifeng in the east, and finally to the provincial capital Zhengzhou, Jiang conducted an investigation regarding how to realize the target of strife within the last decade of this century and how to win new victories in undertaking the construction of socialism with Chinese characteristics. He extended New Year's greetings to the troops and people in an ancient Chinese verse: The arrival of festivals sharpens the yearnings for kith and kin. "Our kith and kin is the PLA!" the provincial leaders added. How appropriate the expression is! Jiang called on the local people and soldiers to strive with one heart and one mind to bring about a more stable and harmonious political atmosphere as well as a situation favorable to steady economic development, so as to constantly propel various undertakings related to reform and economic development. When the leaders from Anyang reported matters regarding harnessing the Anyang He, Jiang suggested to the accompanying Comrade Zhang Wannian, the former Commander of Jinan Military Region and the current chief of the General Staff of the PLA, that the troops lend a hand. Soon afterwards, troops marched into the construction site, and the campaign to conquer the Anyang He was begun by the Army and the people. A year later, on an inspection tour to Jinan, General Secretary Jiang was told by Zhang Wannian that the first-stage project of the Anyang He reconstruction had

been completed and that now the river course was unblocked and the water clear. Extremely delighted at the news, Jiang said approvingly that the troops had done a good thing for the masses.

It was during those sweltering hot days in August that Comrade Jiang Zemin toured Hainan Province, and Shantou, Shenzhen, and Zhuhai in Guangdong Province. While busily engaged in inspecting the special economic zones, Jiang still paid close attention to the consolidation and development of the splendid situation in which the Army, government, and people were closely united. In Shantou, Jiang visited a PLA company remarkable for supporting the government and cherishing the people. He warmly shook hands with the officers and soldiers and said with a smile: You are the "Dadu He Company," a heroic company well known throughout China. In the particular surroundings of the special economic zone, you are expected to continue carrying forward the glorious tradition passed down by the Red Army—to support the government and cherish the people, and to render new service for building the special economic zone and safeguarding the cause of modernization. After listening to the reports made by local party, government, and Army responsible comrades, he pointed out that the local government and people should take good care of and acquire a better understanding of the PLA units, and support the building of the units; and on the other hand, the units should support the local government and cherish the people, abiding by the policies and statutes made by the local government in an exemplary way. He presented the Hainan Provincial Military District a calligraphic inscription: "Carry forward the excellent tradition of treasuring the unity between officers and men and the unity between the army and the people."

In late autumn Comrade Jiang Zemin conducted an inspection in Zhejiang Province. He highly praised the local authorities in the coastal areas who constantly work hard for Army-government-people unity despite the fact that they are deeply bent on speeding up their economic development at the same time. He remarked contentedly that it is necessary for us to act in light of the principle of Army-people unity so as to establish better relations between the Army and the government and between the Army and the people. He fully approved of the visits paid by the chief provincial leaders, who ate dumplings with the soldiers. These things sound trivial, he commented, but they boost morale, because the events reflect the provincial party committee and government solicitude and care for the soldiers.

It was in a severe winter that Comrade Jiang Zemin came to see the workers, peasants, intellectuals, and soldiers in the icy cold northern China. At frontier guard stations, he mounted the lookout towers to ask the soldiers about their duties, encouraging them to unite the masses and to make new contributions to safeguarding and building the motherland. In Shenyang, he talked to the local party and government leaders, saying: My tour

of the three northeastern provinces has left the deep impression that there exists a heart-to-heart relationship between the local governments, troops, and civilians. Both the local authorities and Army units have worked hard to strengthen Army-government-people unity, and I hope they will continue to persevere in this.

In recent years, though fully occupied in numerous affairs every day, General Secretary Jiang would spare his time to participate in the annual Spring Festival Entertainment Evening and the August 1st Army-people get-together, where he would kindly meet with the double-support model workers, encouraging them to work better for still greater achievements. On the evening of 30 July 1990, having just returned from the inspection tour in the northwest and southwest frontier areas, he turned up at the China Theater where an evening celebration was held, attended by more than 1,000 soldiers and civilians in Beijing.

When he inspected Shandong Province in July 1992, Comrade Jiang Zemin incisively pointed out, "It has been proved that the closely united Army, government, and people will generate tremendous power. The major reason that our country has been able to withstand pressures, overcome difficulties, and achieve stable development in a drastically changing world is that we enjoy a steadfast Army-government-people unity. Reform, opening, and economic development all require a stable and peaceful social circumstance and political stability and unity. Without this it is absolutely impossible for China to attain an upswing in economic development; nor is it possible for any country at any time. I deeply believe that the leadership of the party and the unity of millions upon millions of soldiers and civilians are the strong foundation for the stability of our country, based on which we will be able to deal calmly with any storm or complicated situation whatsoever."

Following the spirit of the instructions given by Comrade Jiang Zemin and the plan of the CPC Central Committee, the State Council, and the Central Military Commission, the Army and the people of the whole country are making concerted efforts on the major battlefield of the economic development, closely cooperating in the great practice of reform and opening, helping each other in the fight against various grave natural calamities, and working together for our national security and social stability. The tremendous spiritual power and material strength generated by Army-government-people unity have been thoroughly demonstrated in the new historical period.

**General Secretary Jiang Has Paid Close Attention to Army-Government-People Unity in the Minority Nationalities Areas; He Has Pointed Out That We Must Adhere to Uniting and Relying on the Masses of the People of All Nationalities; The Army and the People Who With One Heart Are Jointly Building a Stable and Civilized Border Defense Will Form a Genuinely Impregnable Fortress**

In recent years, touring from the border areas in Yunnan and Guangxi up to the Qinghai-Tibet Plateau, and from

the north and south of the Tianshan Mountains to the Inner Mongolian grassland, Comrade Jiang Zemin has visited many minority nationality border areas and has issued many important instructions.

When visiting Tibet, Comrade Jiang Zemin brought the hearty concern of the party to the two million soldiers and people of different nationalities living on the "roof of the world." He was very pleased to see a greatly changed Tibet. He noted that there are 56 nationalities in China and that Tibetans [zangzu 5661 2469] are one member of this large family, while Tibet is a major component part of our motherland. To permanently maintain the public security of Tibet is of utmost importance. The key point is to base ourselves on the practical conditions in Tibet, gradually quicken the pace of development, and strive to bring about an economic upswing. Tibet has great potential for development. With one idea and will and with their initiative and creativity fully exerted, the Tibetan people and other nationalities will certainly be able to bring about a flourishing and prosperous future for Tibet. He greatly appreciated the units' faithful implementation of the party's policies on religion and minority nationalities and their wholehearted service to the people of all nationalities in Tibet. He praised the soldiers stationed in Tibet for the indelible impression they have left in the minds of the Tibetan people. He expected that the troops and the people of all nationalities in Tibet would continue to be united, work arduously, and, shoulder to shoulder, build and defend the socialist new Tibet [shehui zhuyi di xin xizang 4357 2585 0031 5030 4104 2450 6007 5661].

When inspecting Xinjiang, Comrade Jiang Zemin pointed out that the view that "the PLA cannot separate from the people, nor can the people of all nationalities separate from the PLA" has vividly embodied the excellent tradition of the unification of the Army and the people. He approved the varied activities carried out by the people of different nationalities and the troops to strengthen the unity between the Army and the people as well as the unity of different nationalities, suggesting that these good methods and approaches be adhered to and continuously renewed and developed. He also said that we must utilize these activities to enhance the flesh-and-blood ties between soldiers and civilians of different nationalities so as to form a good atmosphere in which everyone cherishes and works for nationality unity and everyone combats words and actions that endanger it. He commended the great services rendered by Army units in building Xinjiang's modern industrial base and developing its the economy. In addition, he demanded that the units remember Chairman Mao's instruction, "Do as many things as possible for the people of different nationalities" and that the soldiers make new contributions to revitalizing Xinjiang's economy and to the common prosperity of all the nationalities by continuously and actively supporting and partaking in Xinjiang's opening up and construction.

On his inspection tour in Inner Mongolia, Comrade Jiang Zemin was very pleased to see that the Army and



the people were as inseparable as fish and water in the areas along the great bend of the Huang He, the Hulun-bei'er Grassland, and the E'erduosi Highland. He pointed out that the harmonious Army-government-people relationship and coordination in the work carried out by the leaders of the regional party, government, and Army is of great significance to the assurance and consolidation of social stability and of economic development, as well as to the promotion of Army building. When he called at a Mongolian herdsman's home, seated cross-legged on the kang, Jiang held a chat with the host, inquiring as to his work and life. Jiang said that since the Mongolian and Han nationalities are one family, and all the nationalities inhabiting China are one family, we must be of one heart in weal and woe. When he came to a drill-ground at a frontier guard station, he shook hands with the soldiers one by one and posed for photos with them. When leaving Inner Mongolia, Comrade Jiang Zemin tendered his earnest advice: In building strong frontier defense and maintaining peace at the borders, we must depend on not only our armed forces but also on the support and cooperation of governments at all levels and from the masses of the people of different nationalities. Our frontier is the people's frontier. With the watchful eyes of the broad masses of the people, our frontier defense will become all the more powerful, forming an impregnable fortress. As some officers and men have pointed out, "The people are the powerful backers [kaoshan 7237 1472] of the frontier guards." He demanded that the units conscientiously study Marxist theory on nationalities, implement the party's policies on nationalities in an exemplary way, conscientiously respect minority nationality customs and habits, and do more good deeds for the people of all nationalities.

In July 1993, Comrade Jiang Zemin visited the Qinghai Plateau for the third time, where he placed great hopes on the PLA units posted there and the local people as well. At a meeting in Xining with officers above the division level, he highly commended several generations of PLA officers and men who have rendered historical contributions by devoting their youth and blood to the people of all nationalities in Qinghai. When told by Comrade Yu Yongbo, director of the PLA General Political Department, that Qinghai is the first province where no problems between the armed forces and the local authorities have been left over by the past, the delighted general secretary said, We must treasure the hard-earned favorable situation where the military, government, and people are closely united. In Qinghai, he also analyzed with the local responsible cadres several new conditions and problems for Army-government-people unity possibly brought about by the new situation of developing socialist market economy. He demanded that whenever there are symptoms likely to affect the Army-government-people relationship, timely solutions must be worked out through consultation to nip the problem in the bud. Furthermore, he instructed the units to regard it as their own major duties to implement the party's policies toward nationalities and to strengthen

nationality unity, respect and cherish the masses of the minority nationalities heart and soul, and constantly enhance the fraternity between soldiers and the people of all nationalities.

"Unity is strength! Unity generates a cohesive force, a fighting force, and fresh productive forces. It was true in the revolutionary period and it is also true in the construction period." General Secretary Jiang has always placed great hopes on the important influence exerted by fully developed Army-government-people unity on the great undertaking of building socialism with Chinese characteristics. Under the correct leadership and the kind care of the CPC Central Committee, the State Council, and the Central Military Commission, the vigorous double-support practices carried out by millions upon millions of our soldiers and civilians will more fully demonstrate that the strong Army-government-people unity realized through double-support work is a mighty spiritual force that brings together [ningju 0413 5112] the people of all nationalities in China, a driving force that propels the development of society and civilization, an indispensable key condition that promotes socialist economic construction, and a powerful foundation ensuring social stability and permanent national security.

We have every reason to believe that, under the guidance of Deng Xiaoping's theories on building socialism with Chinese characteristics and the party's basic line, and under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, the whole party, the whole Army, and the people of all the nationalities in China will certainly be able to turn China into a powerful, wealthy, democratic, and civilized socialist modernized country.

### Economic & Agricultural

#### Li Peng Signs Nature Reserve Protection Law

OW1510154894 Beijing XINHUA in English 1514  
GMT 15 Oct 94

[FBIS Transcribed Text] Beijing, October 15 (XINHUA)—China issued today its nature reserve protection regulations signed by Premier Li Peng.

The regulations, approved by the 24th routine meeting of the State Council, will take effect on December 1.

The regulations define its nature reserves as land and water or sea areas where representative natural biological systems exist, rare and endangered wildlife inhabits and natural and historical sites of special significance are located.

The 44-article regulations spell out detailed rules for the construction, management of nature reserves and the legal responsibilities violators should take.

The regulations emphasize that it is necessary to pay enough attention to local economic development and local residents' life in the construction and management of nature reserves.

The environmental protection administrative department of the State Council is authorized to take charge of the comprehensive administration of China's nature reserves while administrative departments of agriculture, forestry and other departments concerned are authorized to be in charge of the management work within their categories.

Nature reserves are divided into two kinds: those under the state protection and others under the local government protection.

Nature reserves are also demarcated as the core areas, where natural biological systems are well preserved and rare and endangered wildlife inhabits, the intermediate areas and the areas for experimenting. No one is allowed to enter the core areas even for scientific research except for the special permission given by the state administrative department or provincial government administrations.

#### Text of Decree

OW1510142294 Beijing XINHUA Domestic Service in Chinese 2059 GMT 14 Oct 94

[FBIS Translated Text] Beijing, 15 (XINHUA)—State Council Decree No. 167 of the People's Republic of China:

The "Regulations of the People's Republic of China on Natural Preserves" was approved after a discussion at the 24th State Council executive meeting on 2 September 1994 and is hereby promulgated for enforcement beginning on 1 December 1994.

[Signed] Premier Li Peng

[Dated] 9 October 1994

#### Vice Minister on Comprehensive Urban Reform

HK1710112094 Beijing LIAOWANG in Chinese No 35, 29 Aug 94 pp 4-5

["Special article" by Wang Shiyuan (3769 0099 0337), vice minister of the State Commission for Restructuring the Economy: "Basic Thoughts on Another Round of Experiments in Comprehensive, Coordinated Urban Reform"]

[FBIS Translated Text] Abstract: No special preferential policy has been given to the experiments. All the cities are deepening their reform and promoting their economic development according to the principle of fair competition.

Changing the microeconomic mechanism constitutes the core of these experiments and reforming the enterprise system, developing the market system, changing the function of government, and setting up a new type of social security system form the key links. A coordinated reform in all related sectors is being carried out.

Preliminary achievements have been made in straightening out property rights, cultivating the factors of production market, promoting reform of the social security system, altering the function of government, and reforming the organizational structure. [end abstract]

China's economic restructuring has entered a new historical phase. The strategic goal of economic development is to quadruple the 1980 GNP and attain a moderately high standard of living by the end of the present century; the goal of the economic reform is initially to build up the structure of the socialist market economy. To realize these two goals, the "Decision by the CPC Central Committee on Some Issues Concerning the Establishment of a Socialist Market Economic Structure," adopted by the Third Plenary Session of the 14th CPC Central Committee, further stresses the need to closely combine and mutually promote urban and rural reforms, micro and macro reforms, and the enlivening of the domestic economy with opening to the outside world, and the need to "combine reform with breakthroughs in key areas." The decision also points out: "In accordance with different situations, some major reform measure plans can be drawn up first and coordinated in related areas of the economic system, while others should be tried out first in selected localities or areas and then extended after experience has been gained." Experiments of urban comprehensive and coordinated reform undertaken in selected cities is precisely an experiment in partial coordinated reform centered on changing the micro economic mechanism to give full play to the role of central cities.

#### Main Contents and Guiding Principles of the Experiments

Experiments are an effective way of advancing reform and they have played an important role in the sound development of the reform in China's urban and rural areas. For more than a decade, the State Council has attached great importance to comprehensive and coordinated reform in the cities and, following the establishment in 1981 of Shashi City in Hubei Province as a pilot city to carry out reform, has in turn approved 14 cities, including some especially designated in the state plan, to try out this reform. By the end of 1987, 72 cities, sanctioned by the State Council directly or by related departments of the State Council, as well as provinces and autonomous regions, were experimenting with this reform. The experiment has brought about a vigorous development in the reform of the region; and in the country as a whole and achieved good results. Beginning in 1988, all the annual guidelines of the State Commission for Restructuring the Economy, transmitted through the State Council, have given prominence to these experiments.

The new round of experiments with urban comprehensive and coordinated reform began after Comrade Deng Xiaoping made his important speeches during his southern China inspection tour in the spring of 1992.

Changzhou in Jiangsu Province was appointed in June the same year, as the first city to try out this reform. With the drawing up of the reform goals and basic framework of a socialist market economic system at the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, China's reform entered a new historical period. In line with this new situation, the State Commission for Restructuring the Economy further defined the goals, guiding principles, and main tasks of the comprehensive and coordinated urban reform; readjusted the distribution of the cities trying out this reform; added some big cities TO the experiment; and determined the principle of giving different guidance to different categories of cities. If the main content of the initial stage of urban reform was decentralization of power and concessions in profit-sharing, expansion of the rights of enterprises and local authorities to handle their own affairs, and the smashing of the system that gave rise to barriers between different departments and regions, then the new round of experiments of urban comprehensive reform is aimed at taking the lead in establishing a socialist market economic system and is chiefly characterized by the switchover of mechanisms and the creation of new systems. The main content of the experiments is for the pilot cities, while carrying out in an exemplary way the state's unified macroeconomic policies and reform measures, to focus on changing microeconomic mechanisms and to grasp the key links of reforming enterprises, fostering the market system, transforming the function of government, and setting up a new social security system to promote coordinated reform in all related sectors, so that they can precede other cities in reform, create experience, and promote and quicken economic reform in the regions they are situated in and the country as a whole through the force of example.

The guiding principles of the new round of comprehensive urban reform experiments are: 1. All reforms in the pilot cities must be guided by the spirit of the 14th CPC National Congress and the spirit of the "Decision" by the Third Plenary Session of the 14th CPC Central Committee. Leading personnel in the pilot cities must emancipate their minds, alter their concepts, and think along the lines set in the "Decision" by the Third Plenary Session. They must act in a down-to-earth manner, dare to explore, and carefully organize and boldly carry out the reform in the direction pointed out by the "Decision" of the Third Plenary Session. 2. An important characteristic of the new round of comprehensive urban reform experiments is that the experiments are not given any special preferential policies. Each city will deepen the reform and promote urban economic development entirely on the basis of fair competition. 3. The pilot cities must carry out a package of reforms in a comprehensive and coordinated manner, effect breakthroughs in key areas, and properly handle the relationship between reform, development, and stability. 4. The experiments must proceed from the actual conditions of the cities and create their own characteristics so long as

they are in conformity with the direction of the reform, achieve breakthroughs and forge ahead in certain aspects, and promote faster economic growth and greater economic efficiency by carrying out comprehensive and coordinated reform. In short, the reform in the pilot cities must show distinct coordination, be advanced, and have special features.

#### **Give Guidance According to Type and Properly Organize the Implementation of Plans for the Experiments**

In the light of prevailing conditions, the State Commission for Restructuring the Economy gives guidance to the comprehensive urban reform experiments according to type. The first type is the comprehensive urban reform experiment placed under the joint guidance and emphasis of the State Commission for Restructuring the Economy and the provincial governments. The second type are those which are mainly under the leadership and guidance of the provincial governments and which have the participation and assistance of the State Commission for Restructuring the Economy. No matter which type, the plans for the comprehensive urban reform experiments must be based on demonstrations and must be approved by the provincial governments and submitted to the State Commission for Restructuring the Economy for examination and approval. At the same time, the pilot cities have been planned and adjusted with regards to distribution, with large cities as the main component, and spread in the eastern, central, and western parts, forming a balanced and rational layout.

Up to now 17 cities, consisting of one municipality directly under the central government, eight provincial capitals, two cities especially designated in the state plan, and six medium-sized cities, have been determined by the State Commission for Restructuring the Economy as pilot cities for the comprehensive and coordinated reform. They are: Tianjin, Wuhan, Guangzhou, Nanjing, Chengdu, Xian, Shenyang, Changchun, Harbin, Chongqing, Ningbo, Anshan, Changzhou, Tangshan, Yantai, Tongling, and Quanzhou. In addition, the State Commission for Restructuring the Economy has designated Deyang, Liupanshui, Shijiazhuang, Mudanjiang, and Yanji as associated cities. It must be pointed out that the State Commission for Restructuring the Economy has chosen only those cities that can fill the three requirements set out in accordance with the instructions of Comrade Li Tieying: 1) having good foundation, fairly strong economic development and economic strength, and the material base; 2) having proper conditions, with more than 10 years of marked headway and conspicuous results in reform and opening up and having the conditions to set up a new system at a redoubled speed; and 3) having enthusiasm for the reform, with city party committees and governments attaching great importance to reform, truly regarding it as the motivating force of development and willing to put pressure on themselves.



### Headway and Initial Results Gained in the Experiments

The overall plans of the approved pilot cities have undergone some form of demonstrations, attended in general by personnel from commissions for restructuring the economy at the city, provincial, and state levels, and advice has been obtained from many economic experts in some cases. The implementation plans for specific sectors have been drawn up by the city departments concerned. The city commissions for restructuring the economy, under the leadership of the city party committees and governments, are synthesizing and coordinating the content of the overall plans and specific implementation plans to ensure the coordination and comprehensiveness of the reform. The present situation shows that the pilot cities are attending to the work in earnest, the experiment is being carried out step by step in a deep-going way according to the demands of the reform plan, and some initial results have been achieved.

—Explorations with emphasis on straightening out property rights have been made to discover concrete ways and means of setting up a modern enterprise system. For example, in Tianjin, 36 large and medium companies have been chosen to begin experiments in setting up a modern enterprise system. Out of 24 industrial enterprises, 22 have presented their "implementation plans" for examination and approval. A drive for state-owned enterprises to change their mechanisms is in full swing and by the end of June, over 200 businesses were verified as having reached the set standard. Eighty percent of the city's state-owned small commercial establishments are now leased out. Guangzhou, in light of its actual conditions, has classified its firms into two types and adopted two different ways of pushing the experiment in changing mechanisms. The first type includes the Guangzhou Heavy Machinery Plant and 33 other companies. They are trying out the modern enterprise system. The second type, involving 61 enterprises, is experimenting with getting out of difficulties and changing mechanisms. Each of the enterprises is seeking its own way out and working to "reappraise assets, reservice debts, and reorganize into the shareholding system" through the flow of production factors. Wuhan is carrying out a "five-batch" reform in the whole city [i.e., changing the mechanisms of a batch of enterprises, amalgamating another batch, bankrupting a third, adopting shares in a fourth, and turning a fifth into a joint venture]. Through its exploration of multifaceted reform in instituting a modern enterprise system, it has made headway in four aspects: 1. The reform of enterprises through instituting a shareholding system has been quickened and those enterprises enjoying certain advantages are developing at a faster pace. In the first half of the year, 180 new shareholding enterprises were set up. A sample survey conducted in 30 shareholding firms shows that from January to May the profits of 21 of these had grown by more than 25 percent over the same period last year. 2. More enterprise groups have

been organized to raise enterprise scale merit. This year, 18 new conglomerates were established, five of which were made up of private businesses. The Wuhan Iron and Steel Works, the Changjiang Power Consortium, and some other conglomerates have become pacesetters in Wuhan's economic development. 3. Efforts to introduce foreign capital to remold old enterprises is gaining momentum. Among the 504 foreign-funded firms and joint ventures approved in the first half of this year, over 100 have been established by remolding old enterprises. 4. The pace of some industrial companies switching to run tertiary industries has quickened. Last year, 19 firms moved to other parts of the city and shifted to other production. Now, 21 additional enterprises are moving to new sites, remolding themselves, and turning to other production. Fifteen enterprises under the city's second light industrial bureau have changed their locations and carried out reform in a similar way. They have been allowed to lease 50,000 square meters of land at a cost of 150 million yuan and 10 of them, which had been running at a loss, have begun to change for the better and over 4,600 workers and staff have been given jobs.

—Experience has been gained in vigorously fostering and developing the market system, especially in building capital, land, labor, technology, and other markets of production factors. In Xian, a network of labor markets, made up of the downtown central market and eight branch markets in suburban counties, has begun operation and 6,000 people have moved into new posts or found employment through this network. The city has set up 20 technology markets, made preparations for the establishment of the "Xian Center for Appraising Invisible Assets" and the "Xian Exchange of Scientific and Technological Achievements," and formulated "Standard Prices for Technology Transfers," which the State Commission for Restructuring the Economy intends to pass on to other parts of the country. Chengdu is now energetically developing production factor markets and has about 60 markets for the means of production, the business volume of which has totaled 6 billion yuan in the first half of this year according to available statistics. It boasts 123 labor markets and 121 labor agencies and 60,000 people have found jobs through them. The city's rate of unemployment has thus been lowered to 2 percent. The city now has six markets for exploiting technology, over 30 technological intermediary agencies, and has promulgated the "Regulations for the Administration of Technology Markets in Chengdu," which plays a positive role in putting the business activities in the markets on a standardized basis. Shenyang has set up 54 markets for the means of production and 43 markets for production factors. Petrochemical and coal markets, the stock exchange, and other regional markets in northeast China are increasingly playing an important role. The commodity exchange of the city has 61 members and its

total trade value reached 13.58 billion yuan in the first half of the year, the highest recorded in one day reaching as much as 283 million yuan. The city boasts 120 labor markets and a property rights exchange which, since its inception in March, has helped five firms realize the transfer of 200 million yuan worth of assets.

—Reform of the social security system centered on old-age pensions and unemployment insurance has been speeded up. In the reform of old-age pensions and the health care system for workers and staff in cities and towns, a way of combining mutual assistance funds with individual accounts has been found in accordance with the demand set in the "Decision" by the Third Plenary Session of the 14th CPC Central Committee. This year, Ningbo has made a substantial study and exploration of this and, following the principle of combining mutual assistance funds with individual accounts, drafted an "Overall Plan for Reforming the System of Old-Age Pension Insurance for Workers and Staff in the City and Towns of Ningbo" which, after many revisions, has been approved in principle in a decision adopted at the 10th session of the standing committee of the city's 10th people's congress. The new system of unemployment insurance implemented last year has operated well. Arrangements have been made to study and estimate questions involved in reforming the health and industrial injury insurance systems along the lines of combining mutual assistance funds for serious illnesses with individual accounts based on the experience acquired in the experiment in Yuyao and some other cities and counties in Zhejiang Province. The areas covered by the social insurance system in Anshan are growing every day and the old-age pension insurance coverage comes to 95, 80, and 75 percent respectively in state-owned firms, collective businesses, and foreign-funded enterprises and joint ventures, and to 50 and 20 percent in companies run by district, street, and township enterprises. The coverage rate of unemployment insurance and that of industrial injury insurance has reached 60 and 30 percent.

—From the perspective of changing the function of government and reforming organizations, they are striving to get ahead of the rest of the country. Anshan has reaffirmed the function of various governmental departments in organizational reform. Currently, this reform is basically accomplished for the party and government organizations directly under the city, the number in the personnel quota having been cut to 2,683 from the original 3,586, a reduction of 903 people or 25 percent, and organizations within the city government which have been slashed from 615 to 301, a rate of 51 percent.

All in all, the new round of experiments in comprehensive and coordinated urban reform is proceeding smoothly, and initial results have been achieved in promoting both the reform and development.

### Beijing To Modernize Commercial Sector

OW1610154994 Beijing XINHUA in English 1537  
GMT 16 Oct 94

[FBIS Transcribed Text] Beijing, October 16 (XINHUA)—China strives to modernize its commercial sector in the course of establishing a market economic structure, a government official said.

Huang Hai, an official of the Ministry of Internal Trade, said that forming rational prices are a major part of modernization of the commercial sector.

"Combining price decontrols with the implementation of laws and regulations concerning market management and diverse market regulatory measures will improve China's commodity price system," he said.

As a result of the commercial reform, 5.9 percent of all retail commodities are now subject to prices set by the government, down from 97 percent in 1978, he said.

Moreover, the reform has enabled commercial firms to guide production by conveying consumers' needs to producers, he added.

State-owned commercial firms now grow together with non-state-owned firms, he said, noting that self-employed people, private companies and foreign-funded firms account for about one third of the country's commercial sector.

"A market mechanism has begun to play a leading role in the commercial sector," he said.

Less than 15 percent of all capital goods are still subject to state plans for guidance, he said, adding that these include rolled steel and cement.

Also still subject to state plans for guidance are less than ten percent of consumer goods, primarily grain, cotton, edible oil and sugar, he said.

At least 80 percent of all commodities are now being circulated through free trade in the market, he said.

The emergence of the futures market indicates that China has begun to combine trade in spot goods with forward business, he said.

He anticipates bigger growth in futures following the rectification of the futures market order.

Consumers now enjoy diverse commercial services as a number of supermarkets and shopping centers with stores, restaurants and recreational facilities have sprung up throughout China.

For example, Shanghai, the largest commercial center in China, has more than 100 supermarkets.

Consumers also find it easier to go shopping with the operation of chain stores and stores opening 24 hours, the official said.

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China has set up a network of markets, including 30 national wholesale markets, 100 regional wholesale markets and hundreds of local markets, he said.

The opening of the commercial sector has enabled more foreign goods to flow into the Chinese market, he said.

For instance, imported goods account for about ten percent of commodities available in major department stores all over the country, he added.

Foreign companies are permitted to provide retail services in 11 cities in China, he said, adding that the commercial sector, including retail and wholesale industries, will open wider to the rest of the world in the future.

"The introduction of foreign funds and managerial expertise will help speed up the modernization of China's commercial sector," he noted.

While building new commercial facilities and enlarging existing ones, commercial companies will spread the use of computers to manage commodities, he said.

#### **Economic Boom Predicted in Bohai Rim Region**

*OW1510101194 Beijing XINHUA in English 0941  
GMT 15 Oct 94*

[FBIS Transcribed Text] Beijing, October 15 (XINHUA)—A large area, including several provinces and municipalities around Bohai Bay in north China, is expected to take off economically following south and east China's boom in the past decade.

Rich natural resources, abundant qualified technical personnel and a solid economic base, plus preferential policies being working out by the central government, are all expected to help boost regional economy, experts say.

The idea to accelerate the development of areas around the Bohai Bay, which comprise Shandong, Liaoning and Hebei Provinces and Beijing and Tianjin municipalities as well as neighboring Shanxi Province and part of the Inner Mongolian Autonomous Region, was first put forward by Chinese President Jiang Zemin in 1992.

The entire region covers a land area of 1.12 million square kilometers, or 12 percent of China's territory, and its population reaches 120 million, accounting for 20 percent of China's total.

Early this year, the State Council held a special meeting to discuss ways and blueprints on the region's development.

The government is expected to appropriate a huge sum of money in the coming years for the development of the area. Preferential policies will be formulated to attract foreign investment so that the regional economy will expand rapidly by the end of the century.

The region is a leading energy and heavy chemical industrial center in China as it is rich in coal, oil and iron ore reserves, with their amount of reserves making up for 40 percent of the country's total.

In the next two decades, priority will be given to the construction of three leading development zones, include a comprehensive development zone covering Beijing, Tianjin and Tangshan, areas along a major railway in Shanxi Province and high-tech development and bonded zones in the region.

Leading sectors to be developed in the coming years will cover such fields as raw materials, energy, petrochemicals, machine building, textiles and other light industrial goods, chemicals, automobiles, computers, telecommunications and transport, finance, information, tourism and high-efficient farming industries.

In particular, officials from the State Planning Commission said that they are considering six cross-century projects to be built in the region.

The six projects, including a railway ferry project from Yantai to Dalian ports across the Bohai Bay, a coal-transporting project from Shanxi to the east, a cross-nation water diversion project, an express railway project from Beijing to Shanghai, a large iron and steel project and a new nuclear power station project.

Officials said that the six projects might well be started before the year 2000 and most of them will possibly seek overseas investment.

#### **Securities Commission 'Overwhelmed' by Complaints**

*HK1510084594 Hong Kong EASTERN EXPRESS  
(Business) in English 15 Oct 94 p 25*

[By Wang Xiangwei]

[FBIS Transcribed Text] China Securities Regulatory Commission (CSRC), the country's top securities watchdog, is being overwhelmed by complaints from Chinese investors, particularly smaller ones, about fraudulent activities on the country's stockmarkets and in listed companies, Gao Xiqing, senior official from the commission, said.

Gao, the CSRC's general counsel and director of public offerings, said yesterday in Hong Kong that until recently there was only one person under his command to deal with complaints from Chinese investors, and even though one more person has now been added, the commission still finds it almost impossible to investigate every complaint because of constraints of manpower and resources. He said that in the year to May 1994, the commission had received more than 400 complaints about insider trading and other frauds.

But Gao said that the commission is doing what it can to set things right. "You will have to give us credit for



having tried to nail a small percentage of those perpetrators," he said. Gao said that last year, the commission meted out administrative punishments in about 15 cases, one for insider dealing and most of the others for blatant fraud.

He said that the lack of a proper legal framework and more importantly, the lack of will and means to enforce the relevant laws have also posed problems. Gao said that because China's much delayed securities law is being debated by the country's parliament, the National People's Congress, the CSRC can only act upon the non-binding interim regulations. The result is that the commission has no authority to bring criminal charges against those violators even though it may find them guilty.

The lack of knowledge on the part of listed companies makes the enforcement of regulations equally difficult, he said. In July, the securities commission required all listed companies to file their interim results but only 50 per cent of them complied. "It is a matter of education for the listed companies," he said, adding that the educational process would probably take up to 20 years.

Meanwhile, Gao said that the commission is encouraging development of a dispute resolution system given the inexperience of the Chinese courts in handling cases related to the securities industry. The latest development is that the CSRC is to require the listed companies to include a mandatory arbitration clause in all securities-related contracts.

He said that in late July, the arbitration commission, under the China Council for the Promotion of International Trade, was authorised to handle disputes on the domestic stockmarkets, in addition to its authority to handle disputes related to H-share issues in Hong Kong. He said that the list of available arbitrators included 88 foreigners and the CSRC was working on a smaller list for securities arbitration. Gao said that foreign lawyers with securities experience would be included and six spots would be allocated for arbitrators from Hong Kong.

### Measures on Making Better Use of Foreign Capital

HK1710072094 Beijing ZHONGGUO XINWEN SHE  
in English 0539 GMT 15 Oct 94

[FBIS Transcribed Text] Beijing, October 15 (CNS)—The State Administration for Industry and Commerce put forward some measures for better use of foreign capital and administration of foreign-funded enterprises.

—The principle of equality and mutual benefit has to be upheld. Various departments should strictly follow state policy on foreign investment and no unauthorized practice of preferential policy is allowed. As for professions under certain restrictions and items subject to quota, they have to be submitted to the central

authorities for appraisal and approval if necessary. Registration of these items has to be endorsed by the state administration.

—The Chinese side of a Sino-foreign joint venture should not shoulder unreasonable burden on preferential conditions including offering guarantee to foreign shareholders for loan and ensuring an investment return for foreign businessmen.

—Quantity and quality of foreign capital introduced have to be under equal consideration. No unreasonable instructions set for such investment nor unreasonable comparison involved in the bringing in of foreign capital should be made.

—The principle of opening the market in exchange for technology should be insisted. Such a practice can help push forward China's technological advancement as well as better economic development. The market should be opened to those items which either can introduce international advanced technology or can help produce raw and processed material which is in short supply at home. Those items are allowed for sale in the domestic market.

—Unique situation held by localities should be considered when foreign investment is to be brought in, a move to avoid duplication of industries and products. The central and western regions should make use of their advantages in terms of resources, labour force, a great number of aging industrial bases, technological strength, and geographical location of sharing common border with neighbouring countries. Coastal provinces and cities should start at a relatively high level by undertaking export-oriented enterprises which should be capital intensive, technology intensive and of high added value. Such development is aimed at helping form financial, commercial and high technology centres.

—Supervision and administration of foreign-funded enterprises are necessary. Departments for taxation, auditing and foreign exchange administration should carry out effective supervision of foreign-funded enterprises. Those found to have committed violation of law and regulations have to be severely dealt with.

—Relationship between foreign renown brands and domestically renown brands should be properly handled in order to avoid abandonment of one's own brand or trademark after one stuck a joint venture with a particular foreign investor possessing a well known brand or trademark. Such a discard of one's own trademark will have direct adverse impacts on domestically made products to set foot in the international market [passage as received].

—Assessment of state-owned asset should be strengthened and such practice has to be carried out if fixed asset inventory is involved in Sino-foreign joint ventured or cooperative enterprises. Otherwise appraisal

and approval organs will not endorse any contract, and registration required of these joint ventures will be rejected.

—Trial running of foreign-funded enterprises in the service and trade sectors should continue.

#### Scale of Fixed-Asset Investment 'Inappropriate'

HK1610055594 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 16-22 Oct 94 p 1

[By Ding Xuemei and Xiao Liu: "Fixed-Asset Investment Still Huge"]

[FBIS Transcribed Text] Despite efforts begun last year to cool the nation's investment craze, excessive fixed-asset inputs remain far from checked. Capital investment growth this year dropped significantly from last year, but the overall scale of investment is still inappropriate according to a report issued by the State Statistics Bureau.

In the first eight months of this year, State institutional investment in fixed assets reached 492.2 billion yuan (\$57.7 billion), up 44 percent over the same period of last year.

The rate was 24.2 percentage points lower compared with the same period of last year.

And investment in infrastructure, technical renovation and real estate also dropped 20.6, 26.9 and 76.4 percentage points respectively, the statistics show.

Despite the decline in the first eight months, the growth rate bounced up again in July and August.

Total fixed-assets investment hit 184.1 billion yuan (\$21.58 billion) in the two months, up 54.4 per cent over last July and August. The growth rate escalated 16.9 percentage points compared with the first half of this year.

Investment in capital construction and technical renovation for the two months rose respectively by 19.2 and 4.2 percentage points to reach 101.9 billion yuan (\$11.85 billion) and 41.5 billion yuan (\$4.83 billion).

The statistics show that coastal provinces and regions in East China experienced a rapid increase in fixed-assets investment, with the East, claiming seven out of the nation's 10 regions exceeding average growth.

And all nine provinces and regions in the West have succeeded in pulling their growth rates under the national average.

The State Statistics Bureau warned that two problems must be addressed as soon as possible.

First, investment growth still exceeds the central government's target of 25 percent or 1,500 billion yuan (\$176.47 billion).

And the high growth is making it hard for the country to reach its original goal of bridling this year's inflation to be under 10 per cent.

Meanwhile, despite the central government's determination to curb the investment growth, many provinces and regions are still yelling for investment for new projects.

It said the State should continue to put strict control on investment in new projects, firmly stop or postpone construction of projects not in line with State industrial policies or lacking guaranteed sources of capital or with dubious market prospects.

Second, the complicated investment system leads to over-estimates in some cases and over-runs in others, resulting in arrears for an increasing number of projects.

Arrears for capital construction and renovation in the January-August period totalled 20.9 billion yuan (\$2.45 billion), more than double the same period of last year, according to the statistics.

#### Investment in Information Industry Encouraged

HK1410141394 Beijing CHINA DAILY (TECHNOLOGY SUPPLEMENT) in English 14 Oct 94 p 1

[By Zhang Yuan: "China Woos Investment in Information Industry"]

[FBIS Transcribed Text] A senior Chinese official has urged more extensive and effective co-operation in the information industry with foreign enterprises.

In accordance with State investment policy in favour of projects with high technical level and on a large scale, China will encourage foreign businesses to invest in electronics industry, basic information facilities and information service sector.

"The great potential of China's information industry will undoubtedly be a big attraction to foreign businessmen," said Chen Jinhua, Minister of the State Planning Commission.

Chen made the remarks at a three-day symposium on information market and international co-operation held in Beijing last week.

Chen said that China's economy is expected to grow at a sustained annual rate of 8 to 9 percent till the end of this century. China will need to import nearly \$1,000 billion worth of commodities during this period, a considerable part of which will have to do with the information industry.

A country with a population of 1.2 billion, China has a rather low-level information industry. The potential for development is great, Chen said.

"While deepening reform and further opening up, China will accelerate development of information industry, focusing on its modernization.

"With sustained, rapid and healthy development of its information industry and national economy as a whole, China will make new and greater contribution to world prosperity, too," Chen noted.

China's information industry has developed faster than the overall economy over the past decade. During the 1979-1993 period, total business volume of the country's post and telecommunications industry grew at an average annual rate of 19.8 percent, and total output of electronics industry saw an average annual growth rate of 20.8 percent.

Meanwhile, business volume of the newborn information consultancy services reached about 3 billion yuan (\$348.8 million) last year, Chen said.

To further boost information industry, the State has invested heavily in infrastructure, especially in the post and telecommunications sector, Chen emphasized.

Now, the country has completed a large capacity digital transmission network of trunk lines that link all the provincial capital cities. So is the State satellite communication system. [sentence as published]

With demand fast growing, China's information commodity market is developing rapidly. Sales of information equipment rose by 60 percent in 1993 from the previous year. Sales of computers also grow faster than elsewhere in the world, Chen said.

To maintain high economic growth in the next century, the Chinese government attaches great importance to the information industry for its strategic role.

A State economic information conference has been set up, headed by Vice-Premier Zou Jiahua, for the overall planning of information development projects.

Major policies on the information industry are as follows:

- While adjusting structure of traditional industries, China will go all out to develop the information industry, raising its proportion in the gross national product and making its employees cover a greater percentage of the total labour force in the country;
- Strengthening of basic information facilities. The development of post and telecommunications will take precedence over other industries. The world's advanced technology and equipment will be applied to build a fibre optic project so as to promote establishment of an information superhighway;
- Vitalizing the electronics industry to make it a pillar of the national economy, with focus on micro-electronics. System integration and software development will also be strengthened;
- Speeding up development of information services and market;

—Local government departments and collectively-owned enterprises will be encouraged to run information businesses in addition to State investments by introducing competitive mechanism into the sector;

—Accelerating information legislation for better protection of intellectual property rights and more smooth international co-operation;

—Foreign businesses will be urged to invest in basic information facilities and other related industries. Joint development of information technologies and international linking of economic information networks will also be encouraged;

—Strengthen personnel training.

### Crackdown on Intellectual Property Violations

OW1710104894 Beijing XINHUA Domestic Service in Chinese 0852 GMT 14 Oct 94

[By reporter Han Zhenjun (7281 2182 6511)]

[FBIS Translated Text] Beijing, 14 Oct (XINHUA)—China has stepped up the effort to protect intellectual property rights [IPR]. Recently, law enforcement inspections have been carried out elsewhere in the country to duly punish IPR violations and crack down on criminal offenses. Meanwhile, efforts have been made to set up more and to further improve organizations for protecting IPR, and to strengthen publicity and education in IPR protection, thereby achieving notable results in enhancing the whole society's legal awareness of IPR protection.

According to a briefing by a senior official of the State Council Office on IPR Protection, since the State Council issued a decision, and convened a telephone conference on strengthening IPR protection, localities throughout the country have taken action to perfect the IPR legal system and to strengthen the protection of IPR. So far, an office for coordinating guidance on IPR protection has been set up in a dozen provinces, municipalities, autonomous regions, and cities with economic autonomy, including Shanghai, Hainan, Liaoning, Ningxia, and Shenzhen; while the State Copyright Administration and the General Administration of Customs have adopted a series of IPR protection measures.

According to the briefing, the General Administration of Customs has implemented the IPR protection measures at exit and entry points since 15 September to ban exports and imports of cargoes violating IPR. Upon discovering imports or exports of cargoes allegedly violating IPR and other cargoes suspected of IPR violations, customs has the right to demand that consignees or consignors of the imported or exported cargoes provide a legal certificate of use for the IPR concerned and to submit a supplementary declaration on the cargoes' IPR condition. Customs has the right to return cargoes without a legal certificate. When importing and exporting compact and laser discs, and when importing



compact and laser disc molds and parts for processing and trading, consignees and consignors should complete the customs formalities with the certificate of approval issued by the department in charge of audio and video products according to the relevant state regulations. Consignees and consignors of imported and exported cargoes who fail to make a factual declaration on the cargoes' IPR condition or who evade customs' supervision by smuggling cargoes violating IPR, shall be dealt with by customs according to the relevant regulations.

The State Copyright Administration has worked out plans which demand that copyright administrative departments at various levels, with the coordination and support of the law enforcement departments concerned, continue to crack down on illegal publication and piracy activities and work together with relevant government departments in conducting a copyright law enforcement inspection of the computer software markets and mete out punishment for illegal copying and marketing of computer software.

Shanghai Municipality has taken IPR protection as an important task. Municipal departments related to IPR protection, such as the patent bureau, the administration for industry and commerce, and the copyright bureau, have adopted effective procedures and measures for IPR protection. Its court has set up an IPR court. Hainan Province has inaugurated a provincial IPR protection investigation team, tasked mainly with investigating IPR protection in computer software. Ningxia Hui Autonomous Region has organized a joint inspection team, which has inspected enterprises and markets engaged in electronics products, computer software, and audio and visual products. Since mid-August, the team has confiscated pirated editions of 6,700 audio-visual tapes, 1,300 compact discs, and 50 laser discs. Recently the Shenzhen City Administration for Industry and Commerce concentrated efforts on investigating cases of violating the IPR of famous domestic and foreign liquor trademarks, shutting down a number of "underground factories" which manufactured IPR-violating goods, and destroying the IPR-violating goods seized. Eleven offenders involved in the aforementioned cases have been arrested and indicted by the city procuratorial organ according to the law.

#### Further on Crackdown

OW1410113694 Beijing XINHUA in English 1120  
GMT 14 Oct 94

[FBIS Transcribed Text] Beijing, October 14 (XINHUA)—The State Council is to launch an all-round inspection of intellectual rights protection and crack down on law violations in this field.

Duan Ruichun, director of the Office of Intellectual Property Rights working conference under the State Council, said that the inspection is aiming at strengthening the copyright protection of audio-visual products, software, books, journals, trademarks and patent rights.

He called for a crackdown on such "dishonest commercial competitions" carried out through infringing on intellectual property rights.

In a bid to wipe out copyright piracy, the country will improve its identification system of copyrights of overseas audio and video products and movies, said the director.

Local administrative organs in charge of copyright will further strengthen supervision over the cultural market, he added.

China's General Administration of Customs worked out a package of regulations in September on intellectual property protection, stipulating that goods infringing on registered trademark, patent right or copyright will be banned.

Moreover, the customhouses will not approve the lading of goods without certification of intellectual property right, according to the new regulations.

Duan noted that so far 15 provinces and cities across the country have formed organs on adjusting and guiding intellectual property right protection.

In the January-June period this year, Shanghai, the country's leading industrial center, confiscated 1.7 million counterfeit goods of well-known trademark and imposed a fine of 590,000 yuan (69,000 U.S. dollars) on offenders.

Moreover, the city has stopped the sale of photo-offset books without copyright permission, which worth more than one million yuan.

Police in Shenzhen, the country's first special economic zone in Guangdong Province, has raided a number of "underground mills" which are specialized in printing fakes.

Eleven offenders have been detained and all the fakes have been destroyed.

Statistics show that the city has tried 236 cases involving trademark infringement, and confiscated 17 million fake trademark badges since the country's law on trademark came into force. Meanwhile, the volume of fines imposed on such infringement has reached 8.4 million yuan.

An official said that many cases involved companies and business people of the United States, Britain, France, Japan, Italy and Hong Kong.

The Ningxia Hui Autonomous Region in northwest China has launched an inspection of the local cultural market, confiscating more than 8,000 illegally copied audio and visual products.

#### Firm Loses Licence for Illegal Use of Trademark

OW1610091694 Beijing XINHUA in English 0800  
GMT 16 Oct 94

[FBIS Transcribed Text] Jinan, October 16 (XINHUA)—The licence of a Chinese company in this capital

of east China's Shandong Province was recently revoked by local authorities for its illegal use of the name and trademark of a U.S. company.

Carrier Corporation, a U.S. air conditioner and ventilation equipment producer, was registered under the name of "Kaili" in China in 1985, while the Jinan Kaili Air Conditioner Components Co., Ltd registered in April, 1993.

Jinan Administration of Industry and Commerce also discovered that Jinan Kaili claimed to be a U.S. solely-funded company in an advertisement in June, 1993 and promoted its air conditioners in the name of "Carrier".

The U.S. carrier corporation has set up four joint ventures in Shanghai, Shenzhen and Tianjin, but has no connections with the Jinan Kaili Company.

Revoking a business licence is the most severe punishment for enterprises in China, an official of the Administration of Industry and Commerce said.

#### Minister Hou Jie Addresses Building Conference

OW1510041594 Beijing XINHUA in English 0014  
GMT 15 Oct 94

[FBIS Transcribed Text] Beijing, October 14 (XINHUA)—A senior Chinese official said today that a market operating in good order should be established as a way to pull the building industry out of present difficulties.

Addressing a national working conference on building industry, Hou Jie, minister of construction said that a self-restricting mechanism should be formed to push investors, contractors, intermediary agencies and material suppliers into the market.

"The current situation is that building enterprises have gone into the market while other concerned parties remain outside," he noted.

Much will be done to ensure fair competition, set up an efficient supervision system and draft laws on the building industry, he said.

A series of problems, including low profit rate, twist prices and imperfect competition, are hindering progress of the industry, according to the official.

China has listed the building industry as a pillar industry, which is expected to spur the growth of 50 other sectors, such as building materials, metallurgy, chemicals, light industry and electronics.

Besides, the building industry can create jobs. In 1993 alone, it absorbed 18 million rural labors.

Over the past 15 years, the building industry absorbed a total investment of 544 million yuan (64 million U.S. dollars) in fixed assets throughout the country. More than 2 billion sq.m. of housing have been built.

#### Statistics Bureau Figures on Consumer Items

OW1510133494 Beijing XINHUA in English 1310  
GMT 15 Oct 94

[FBIS Transcribed Text] Beijing, October 15 (XINHUA)—A fine-quality cigarette maker topped the list of the 1993 ten best enterprises in China, which produce daily-use goods, according to information from the State Statistical Administration.

The Yuxi Cigarette Factory in southwest Yunnan Province ranks first in sales volume, profits and taxes for the third year in a row.

The factory turned out profits and taxes totalling 3.8 billion yuan (447 million U.S. dollars) to secure its first place in tobacco industry.

While the laurel gainer in foodstuffs is the Hangzhou Wahaha Group Company, with 157 million yuan (18.5 million U.S. dollars), the Qingdao Beer Company Ltd., yielding 390 million yuan (46 million U.S. dollars), outruns other beverage makers.

Statistics shows that China's industries producing goods of daily-use witnessed a big increase last year. In 1993, the top ten enterprises in ten such sectors produced 40 per cent more profits and taxes over the previous year.

The daily electric appliances industry saw the fastest growth rate of 108 per cent, which indicates a strong purchasing power.

#### Government Seeks To Create 'Electronics Titans'

HK14101'2394 Beijing CHINA DAILY  
(TECHNOLOGY SUPPLEMENT) in English 14 Oct  
94 p 3

[By Yun He: "Computer Market To Swell 30 Percent"]

[FBIS Transcribed Text] China's computer market is expected to swell by more than 30 percent this year, the Ministry of Electronics Industry predicts.

The central government will intensify its efforts to build information networks and renovate traditional industries, which will provide opportunities for both the Chinese and foreign computer producers, said the ministry experts.

Personal computers will still dominate the domestic market, thus further intensifying the competition between foreign and Chinese manufacturers, the experts said.

The demand for personal computers (PCs) in the Chinese marketplace will remain high, with an official estimate of 450,000 PCs annually in the years to come.

Along with the booming economy in the country, industrial and commercial sectors are eager to boost their business with the help of computer technology.

Ast, Compaq, IBM, Apple, Microsoft and other big names of electronic companies in the world are taking steps to strengthen their presence in the Chinese market.

To build the domestic electronic industry into a pillar of the national economy, China is also trying to create its own electronics titans.

An ambitious plan of the ministry envisages that next year the country will have two to three electronic giants with annual revenues exceeding 5 billion yuan (\$575 million).

By the year 2000, several big Chinese manufacturers will edge into the world's top 100 electronics companies with annual sales surpassing 30 billion yuan (\$3.45 billion) according to the ministry officials.

The Chinese Government believes the move is crucial for the country to sharpen its companies' global competitiveness and cope with the challenges following China's re-entry into Gatt (General Agreement on Tariffs and Trade).

If China rejoins the Gatt, Chinese companies will have to compete with formidable foreign rivals.

When the West lifted the ban on computer exports to China and foreign manufacturers thronged in to collar the Chinese market in the 1980s, the domestic electronic industry was just starting from scratch.

Last year, China's 18,000 electronic enterprises garnered an output value of 175 billion yuan (\$20 billion), making them one of the fastest-growing industries in the country.

However, the country's present computer manufacturing is far from satisfactory.

According to an official survey, 99 percent of the computers sold on western Beijing's "Electronics Street" are imports or made of imported parts and technology.

Some foreign computer corporations seek to lobby Chinese officials. Others look for agents in China, and still others already set up joint ventures across the country.

Foreign computer companies are waging an intense war that is fuelled by China's huge demand, Chinese industrial analysts said.

China has so far had only various 1.4 million computers [as published] installed, an embarrassing low figure compared with some 150 million in the world.

However, China's quick economic development indicates that the country is a latent big computer market.

Fully aware of the current situation, the Ministry of Electronics Industry is also working to nurture its own IBM or Sony. It has selected some promising Chinese companies for special financial and policy help in their development.

The list includes the country's top eight electronic companies, each with 1993 revenue exceeding 2 billion yuan (\$230 million).

The Shanghai Audio and Video Ltd Co, with revenue reaching 3.57 billion yuan (\$410 million) last year, is the country's largest electronics firm.

The Legend Computer Group, which was started in 1984 with 1.3 million yuan (\$149,000), ranks second with 1993 sales exceeding 3 billion yuan (\$345 million), including its business overseas.

It is estimated that Legend's revenues are expected to surpass 5 billion yuan (\$575 million) this year.

The ministry plans to encourage its selected companies to expand quickly by merging with or annexing other small enterprises and by diversifying their business operations.

China will also try to form some large corporations through key projects to develop products such as video cassette recorders (VCRs), mobile telecommunications equipment and high-definition television (HDTV), the ministry officials said.

#### **U.S. Company To Fund Environment Joint Venture**

*OW1510155094 Beijing XINHUA in English 1500 GMT 15 Oct 94*

[FBIS Transcribed Text] Hong Kong, October 15 (XINHUA)—Shenzhen Chang Jiang New World Power Company, one of the first environmental-protection power joint ventures, was set up with an agreement-signing ceremony held here today.

The venture with an investment of 2.95 million U.S. dollars will build and operate various wind-power yards, hydro and solar facilities to generate electricity with environment protection schemes.

The newly-established company, funded by the New World Power Corporation of the United States, the China Chang Jiang Energy Co. (Group) (CJEC) of Wuhan and the Metropolitan Enterprise Corporation of Taipei, is to construct a wind power yard with a generating capacity of 20,000 kilowatts on Nanao Island off the coast of Shantou City, Guangdong Province, south China.

It will also build a wind power yard in Shenzhen City in Guangdong.

The New World Power Corporation, the American partner of the joint venture, will be responsible for financing resources, technical expertise and selection of equipment.

The CJEC will provide staffing and business contacts within the energy industry on the mainland while the



Metropolitan Enterprises Corporation will be responsible for all suitable power purchase contracts in other regions.

Yu Zhian, president of the CJEC, said the joint venture is also planning to develop integrated electricity-generating facilities with hydro, solar and wind powers in the Inner Mongolia Autonomous Region, Fujian Province, Ningbo City and Zhoushan Islands in Zhejiang Province.

The CJEC is a large trans-regional enterprises group with more than 200 member units distributed in 19 provinces, cities and autonomous regions of China with its headquarters in Wuhan City, capital of Hubei Province.

Yu said that the rich resources of wind, solar and hydro energy on earth provide a bright future for developing the new energy for the people in China and the rest of the world.

The CJEC has now operated several hydropower stations in the Philippines and southern Pacific countries.

#### **National Car Testing Network Established**

*OW1410113294 Beijing XINHUA in English 1050 GMT 14 Oct 94*

[FBIS Transcribed Text] Beijing, October 14 (XINHUA)—A national automobile testing network has taken shape in China.

So far, the country has 1,000 automobile testing centers with 700 offering comprehensive services, according to the latest issue of "CHINA COMMUNICATIONS".

Automobile testing has developed rapidly in China and has become a vital sector in the country's national economy as the number of motor vehicles in China increased at an annual rate of 10 percent in recent years.

Statistics showed that some 180 auto testing centers were built across the country in 1992 and 1993.

In the eastern, central and southern parts of China, where 45 percent of China's automobile are concentrated, there is a testing center for every 6,000 motor vehicles. In some provinces, a testing center serves 3,400 automobiles, approaching the level of some industrialized countries.

#### **Automakers Unable To Fulfill Production Targets**

*HK1610055994 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 16-22 Oct 94 p 8*

[By Lao Chang and Wang Rong: "Auto Firms Can't Fulfill Production Targets"]

[FBIS Transcribed Text] With only two and a half months left in the year, Chinese automobile manufacturers do not expect to complete the 1994 State-set production target of 333,000 sedans.

In the first eight months of this year, China turned out 167,165 passenger cars and sold 164,347, up 4.84 and 9.21 per cent respectively over the same period last year.

But both the output and sales figures only account for half of the government-set targets this year, according to Beijing-based China Automobile Industry News.

To fulfil the target in the coming four months, automakers would have to dramatically speed up average monthly production of 20,000 to 41,500, the newspaper reported.

Of the nine major passenger cars produced here, the Santana of the Shanghai Automotive Industry Corporation (SAIC) reported the highest growth—a 19.87 per cent rise in output and a 20.21 per cent increase in sales between January and August.

In the period, 78,216 Santanas were produced and 77,038 sold.

Tianjin's Charade model reported 13 per cent increases in both output and sales, ranking it second in the nation, with 39,800 units produced and sales of 38,909 in the same period.

Some automakers had, however, limited their production to a tiny scale in August while other automakers halted production completely to cut down large stockpiles, the newspaper said.

But local analysts noted that slow sales are only temporary as national demand is expected to be brisk in the future—especially for high-quality and low-pollution models.

China intends to rid the streets of 1 million older vehicles by 1995 in a bid to reduce pollution of the environment from auto emissions.

The figure was reiterated at a Beijing conference on vehicle emissions attended by experts from Asian-Pacific region nations.

The auto retirement campaign began in 1991.

In addition, the country will implement greater preference for unleaded fuels for its more than 8 million vehicles. At present, most vehicle fuels are leaded and most automotive products are suited to those fuels.

The country's ultimate aim is to switch entirely to unleaded fuels, in line with international standards.

China has adopted standards to curb vehicle emissions and accelerate the replacement of old vehicles with new ones.

Large-scale institutional car purchases continue to play an important part in auto sales, despite governmental efforts to curb such institutional buying.

Last year, institutions spent 14.5 billion yuan (\$1.71 billion) on auto purchases, 137 per cent more than in the

previous year and twice the total investment in the industry over the past 45 years.

Even some State-run enterprises near bankruptcy are reported to have bought large numbers of luxurious sedans.

#### 'Experts' Discuss Transportation Strategies

OW1510155494 Beijing XINHUA in English 1540  
GMT 15 Oct 94

[FBIS Transcribed Text] Lanzhou, October 15 (XINHUA)—West China should accelerate communications construction in an attempt to build a major transportation network integrated with railways, highways, water transportation, aviation and pipeline transportation in a dozen years to come, said senior Chinese experts recently.

In a symposium here exploring strategic issues in transportation in western part of China, the experts said provinces and autonomous regions in China's western part should intensify the existing transportation facilities to other parts of China and accelerate the construction of major trunk lines extending to bordering countries west of China.

The symposium, proposed by senior Chinese scientist Qian Xuesen, was sponsored by the China Association for Science and Technology and participated by over 100 experts from nine major nationwide research societies in railway and highway transportation and geography and six provincial associations of science and technology such as Xinjiang, Qinghai, Tibet, Gansu, Sichuan and Yunnan.

West China is China's window to the rest of the world and an important hub for China to join in the global economic development. The transportation development in these area should conform to China's development strategy which aims to shift China's economic development from the east to west and related industrial policies, the experts said.

With the shift of resources development from the east to the west, the experts said the development of non-ferrous metals, petrochemical and natural gas, salt-related chemical industry and building materials industry need further expansion. Construction of transportation facilities should be accelerated in the 20 ports already opened to the outside world.

Therefore, the experts present called for efforts by central and local governments to ease the strained transportation by the year 2000 and the construction of major trunk transportation network by the year 2020.

#### Foreign Telecommunication Technology Introduced

HK1410141594 Beijing CHINA DAILY  
(TECHNOLOGY SUPPLEMENT) in English 14 Oct  
94 p 1

[By Tao Tao: "Telecommunication Market Opens Wider"]

[FBIS Transcribed Text] China will introduce more and better foreign telecommunication technology and equipment in a bid to guide the country on to the information superhighway.

The state-of-the-art technology includes high-speed optical telecommunications system, digital mobile telecommunications and network control system.

ATM (asynchronous [as published] transmission model) technology, the most powerful and advanced at present, will be adopted in China's telecommunication infrastructure, officials from the Ministry of Posts and Telecommunications said.

Many foreign companies have introduced their ATM technology to China, the officials said.

The ministry will select foreign technology and equipment that are technically advanced and suitable to China's needs.

China has established co-operative ties with nearly all the world's large telecommunications groups.

The ministry welcomes overseas investments in telecommunications projects and guarantees the interests of investors on the basis of mutual benefit.

With production of telecommunications equipment fully open to foreign businessmen, they can set up joint ventures or solely-funded enterprises.

China's newly-built advanced telecommunications equipment production lines are all fruits of Sino-foreign co-operation, for instance, the Shanghai Bell Telephone Equipment Manufacturing Co. Ltd, the Tianjin-NEC Company and Sino-German joint venture in Beijing. Guangdong Province is negotiating with Canadian Northern Telecom on co-operative projects.

Foreign investors also can engage in direct management of telecommunications businesses through buying stocks, the officials said.

China intends to use the world's most advanced technology to build fibre-optical cables. The fibre-optical cable network that will be constructed along the Tianjin-Shenyang-Dalian line is a case in point.

As steps onto the information superhighway, 17 more trunk optical cables will be constructed in the next six years, which will join the 22 highly powerful optical cables already in operation or to be finished this year or the next to form a network linking all major cities.

China is adopting the automatic exchange switch system directly. At present, about 90 percent of the exchange switches for urban telecommunication systems and nearly all long distance calls are computerized.

According to estimates by experts, it will cost a total of \$150 billion to bring the country onto the information superhighway in the next 26 years.

According to the ministry, China aims to use at least \$7 billion of overseas capital in posts and telecommunications facilities in the remaining years of this century.

The ministry has used foreign funds totalling \$5.67 billion since 1984.

By the year 2000, China will have a total switch capacity of 140 million lines, becoming one of the world's largest telecommunications networks.

### Multinationals Vie for Telecommunications Market

HK1510020694 Beijing ZHONGGUO XINWEN SHE in English 1114 GMT 14 Oct 94

[FBIS Transcribed Text] Beijing, October 14 (CNS)—The Chinese economic growth has provided a broad scope for the development of its posts and telecommunications market. Therefore, a number of famous multinational companies have come to China, hoping to establish themselves in today's most potential market of the world.

Last year the Chinese economy grew by 13.4 percent whereas its total service volume in posts and telecommunications increased by 59 percent, a rare phenomenon in the whole world. This year the Chinese economy will grow at about 10 percent while its posts and telecommunications industry is expected to grow at 40 percent, which still occupies a leading position in the development of the country. In the first three quarters, the import of cable telephone switchboards was increased by 1.18 times over the same period of 1993.

Naturally multinational companies concerned are not willing to be left out in such a booming market. By making frequent trips to China, the Director of American AT & T has met with high-ranking Chinese officials, expressing the wish of AT & T to have cooperation with relevant Chinese departments. German Siemens clinched a great deal of business when German Chancellor Dr Helmut Kohl visited China last year. Japan's NTT Corporation also frequently advertises itself through Chinese media.

However, China is still a developing country and it has a long way to go before phone calls can be made everywhere like in developed countries. It is also a long process to build up "information expressways". As a result, pagers and mobile phones are very popular in China. American Motorola, the world's largest mobile telecommunications enterprise, has taken the lead in occupying this market. Just in this year 500,000 mobile phones of Motorola have been sold in the Chinese market. Though its Tianjin solely-funded enterprise has been producing pagers at full capacity, however, its products can only meet the needs of 20 percent of the Mainland market. This is outside expectation, admits a Motorola official. When planning strategy to enter the Mainland market, its American Headquarters prepared to make a loss for several years.

The market is like a battlefield and you have to enlarge the victory once occupying the front line. To secure its foothold in the Chinese mobile telecommunications market, Motorola has recently launched a special maintenance service of EMS, which guarantees all repaired pagers and mobile phones will be sent back to owners within 48 hours.

### Government Hopes for 'Bumper' Grain Harvest

HK1610065794 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 16-22 Oct 94 p 1

[By Wu Yunhe: "Autumn's Harvest May Rescue Grain Prices"]

[FBIS Transcribed Text] China's government and farmers alike are doing everything possible to head off a further slide in the nation's grain production this year.

Despite a 4.6-million-ton drop in grain production this summer—triggering price hikes for farm produce—the central government believes it possible to expect a bumper harvest this fall.

The Ministry of Agriculture says China will see grain yields increase 400,000 tons through extensive use of chemical fertilizers applied to 1.3-million-hectares of farmland this year.

Grain output must chalk up a year-on-year increase with the harvest this autumn, or at least be the same as last year, ministry officials note.

If not, the government will have to impose stricter controls over farm produce prices to stifle inflation—at the expense of possibly aggravating grain production next year, agricultural analysts say.

Economists with the China Academy of Social Sciences say the country's gross output value will see a year-on-year increase of 4.2 percent this year, the same as last year.

However, the State Statistics Bureau, which closely monitors grain production, said that drought and flood have seriously affected agricultural production in some major grain-producing provinces.

Recent evidence from field stations indicates that grain production in Shandong, Henan, Shanxi and Shaanxi provinces is affected by the natural disasters.

In contrast, the Ningxia Hui and Xinjiang Uygur autonomous regions and Heilongjiang Province have experienced seasonable weather for crops production and expect a record harvest this year, the State Statistics Bureau added.

Bureau economists said that although heavy storms and floods have hit some of the southern provinces, damaging early rice production, paddy fields in the South still hold potential.



Farmers in the southern provinces can still produce more rice in summer and autumn, as these regions' weather allows a wider window of time for crop production.

And bureau economists noted there are still one to two months left in the year before farmers in South China begin gathering their autumn grain.

China's catalogue of autumn grains include rice, wheat, soy-beans and maize, as well as potatoes, according to the Statistics Bureau.

China's broad spectrum of agriculture means that while farmers in the North have almost finished harvesting autumn grain, their southern counterparts have longer growing seasons and several crops to harvest every year.

Economists say the current buoyant farm produce market will continue to bolster farmers' overall economic performance.

Almost 60 percent of nationwide retail price growth comes from the rising foodstuff prices during the first six months of this year.

And prices for farm produce may continue to grow, economists predict.

A ton of pork now fetches 9,088 yuan (\$1,057), up nearly 94 per cent from the same period of last year.

The prices of beef and mutton have simultaneously experienced an increase of more than 50 percent this year; that of chicken eggs has risen by 22 percent.

Academy of Social Sciences economists say farmers' income should continue to grow in the months to come, despite the setback of grain production in some provinces.

Rural residents should see inflation-adjusted per capita income grow 5 percent this year, up 1.8 percentage points from 1993, according to the academy.

#### Government To Increase Irrigated Areas

HK1510021194 Beijing ZHONGGUO XINWEN SHE  
in English 1148 GMT 14 Oct 94

[FBIS Transcribed Text] Beijing, October 14 (CNS)—An official of the Ministry of Water Resources of China said today that China had a shortage of water resources and had frequent floods, therefore water conservancy facilities were very important to China's grain production. The Chinese government always emphasized construction of irrigation works and would add 3.3 million hectares of irrigated area from 1996 to 2000.

The official said that China had built up more than 240,000 kilometers of dams and 84,000 reservoirs since 1949. These irrigation works had played an important role in raising China's grain yield to over 450 billion kilograms at present from 112.6 billion kilograms in the early 50s. China had fed a large population which made up 21 percent of the total world population on the arable land which made up 7 percent of the total world arable land.

The official also disclosed that China would not allow a reduction in irrigated land and would add 3.3 million hectares of irrigated area, raising the total irrigated area in China to 53.3 million hectares by the year 2000. From 1996 to 2000, China would also be devoted to harnessing a total area of 250,000 square kilometers of land on which water loss and soil erosion were serious, striving for a goal of total grain yield of 500 billion kilograms by 2000.

**East Region****Fujian Province Speeds Up Rural Urbanization***OW1710074094 Beijing XINHUA in English 0643  
GMT 17 Oct 94*

[FBIS Transcribed Text] Fuzhou, October 17 (XINHUA)—Southeast China's Fujian Province is speeding up rural urbanization along its coastal areas, where economy develops rapidly.

A survey shows that the urban space around cities has been expanded from 100 square kilometers in 1992 to 270 square kilometers at present, and the urban population from 1.3 million to over three million.

Included are small cities and towns which are playing a central role in local social and economic development.

A small rural town in Jinjiang county before 1987, Shishi has become a rising star in rural urbanization.

At present, Shishi has eight professional markets, three business centers, 18 streets and more than 8,000 garment stalls and shops.

Last year saw its industrial and agricultural output value increase by more than 100 percent over the 1987 figure. It is now known as a "kingdom of garments".

Towns with an annual industrial and agricultural output value exceeding 100 million yuan and even one billion yuan are mushrooming in Fujian Province.

They are helping improve infrastructural facilities and offer more jobs for surplus rural laborers.

**Jiangxi Reports Rapid Industrial Growth***OW1510130294 Beijing XINHUA in English 1236  
GMT 15 Oct 94*

[FBIS Transcribed Text] Nanchang, October 15 (XINHUA)—East China's Jiangxi Province reported rapid growth in industrial production in the first nine months of this year with the total output value jumping by 23.9 percent over the same period last year.

The figure is 4.2 percentage points above the national average, according to local government sources.

Meanwhile, the province achieved an increase of 23.6 percent over the same period last year in the sales value of industrial products, which is 4.6 percentage points above the national average, ranking the sixth in all the provinces and municipalities.

Meanwhile, the profits earned by the province's major industrial enterprises under the state budget rose by 11.3 percent over the same period last year, also above the national average.

**Shandong's Qingdao Elects New Party Leading Bodies***SK1710050094 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 16 Oct 94*

[FBIS Transcribed Text] The Seventh Qingdao City Party Congress which ended on 15 October, elected, through democratic ballot, the new leading bodies of the Qingdao City Party Committee, with Comrade Yu Zhengsheng as secretary of the committee. The congress also drew up the strategic development objective of building Qingdao into a modernized, international city playing a leading role in promoting Shandong's export-oriented economic activities by the end of this century. The congress also highly appraised the fruitful achievements scored by the sixth city party committee in carrying out the large Qingdao strategy with the [words indistinct] as the objective.

**Shandong Province Reports Increase in Exports***OW1410113594 Beijing XINHUA in English 1116  
GMT 14 Oct 94*

[FBIS Transcribed Text] Beijing, October 14 (XINHUA)—The exports in east China's Shandong Province are soaring with an accumulated exports of 5.27 billion U.S. dollars by the end of September this year, a hefty 28.3 percent from the same period of last year.

According to the figures recently released by the provincial statistical bureau, this growth rate exceeds the average national growth in exports.

From January to May this year, the province's exports were 13 percentage points below the national average. Starting from June, the exports increased by a big margin.

**Shandong Reports 'Marked' Increase in Exports***OW1410233194 Beijing XINHUA in English 1756  
GMT 14 Oct 94*

[FBIS Transcribed Text] Jinan, October 14 (XINHUA)—East China's Shandong Province has seen marked increase in export trade with the total export volume approaching 5.3 billion U.S. dollars in the first nine months of this year.

The figure, which represents an increase of 28.3 percent, is above the national average.

In the first five months of this year, the increase rate for the province's export volume was lower than the national average by 13 percentage points. However, the growth rate accelerated since June and started to show a sharp increase since August.

**Shandong Secretary Addresses Forum on Plenum Decision***SK1510122494 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 12 Oct 94*

[FBIS Transcribed Text] Addressing the forum to study the decision of the Fourth Plenary Session of the 14th

CPC Central Committee on 12 October, Jiang Chunyun, secretary of the provincial party committee, stressed: To actively implement the document of the fourth plenary session, we must realistically understand the essence of the guidelines, attend to implementation, translate the guidelines into action, and further enhance the cohesion and fighting strength of the party organizations at all levels.

This forum was sponsored by the Organizational Department of the provincial party committee. At the forum, responsible comrades of Zhangqiu city, Qihe County, Linqu County, the Organizational Department of the Jinan city party committee, the Organizational Department of the Linyi Prefectural party committee, Laiwu Iron and Steel Complex, Qilu Petrochemical Company, Shandong Engineering College, Shandong Teachers' Training College, the Party School of the provincial party committee, and the provincial Academy of Social Sciences gave speeches respectively or submitted written statements to the forum. They broadened their views, talked about their experiences, and in close connection with reality, put forward the specific ways and tentative plans of their own localities and units in implementing the decision of the fourth plenary session and in realistically strengthening party building.

After conscientiously listening to their statements, Jiang Chunyun gave a speech. He said: Judging from the general situation, the party organizations at all levels across the province have firmly attended to relaying and implementing the guidelines of the fourth plenary session, have taken quick actions, and have grasped this work conscientiously and realistically. The decision adopted by the Fourth Plenary Session of the 14th CPC Central Committee on several major issues concerning party building is a policy decision made by the Party Central Committee under the new situation, having a bearing on the overall situation and a profound, far-reaching, and major significance. To study the document of the fourth plenary session, first of all, we must do a good job in solving the ideological and political problems, study the document conscientiously, have a good grasp of the essence of the guidelines, act in connection with the ideological essence, solve the issue of persisting in making the party handle party affairs and running the party strictly, realistically put party building work in a due place, do a good job in solving the issue on the guiding ideology of party building, and realistically attain the goal of grasping party building work in close connection with the party's basic line and the central task of economic construction in an effort to promote the development of the economy and all social undertakings.

Jiang Chunyun pointed out: It is necessary to solve problems in line with reality, concentrate efforts on solving the issues concerning organizational construction in accordance with the plenum decision, and look squarely at the building of ideology and work style. Party organizations of all localities and units should conduct investigation and study, know the real situation well,

accurately find out the problems, suit the remedy to the case, and solve their own problems or the existing problems in their subordinate organizations. It is necessary to uphold democratic centralism, correctly handle the relationship between the part and the whole, the lower level and the higher level, individual and the organization, and the whole party and the central authorities, conscientiously safeguard the authority of the Party Central Committee and the State Council, and guarantee the smooth implementation of government orders. Inside the leading bodies, we should properly handle the relationship between leaders and ordinary people, bring democracy into play, pool the wisdom of all, pay attention to principle while dealing with major affairs and pay attention to style while dealing with minor affairs, and care for, understand, and support each other. It is necessary to realistically strengthen the building of grass-roots party organizations, adopt practical measures, and do a good job in improving the backward grass-roots organizations and turning them into good ones. While improving the quality of the existing leading cadres, party organizations at all levels across the province should exert strenuous efforts to cultivate and select outstanding young cadres, emancipate thinking, broaden the fields of vision, discover and select trained personnel from all fields, and attend to the party's ideological construction and work style with a focus on using Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to arm all party-member cadres and to guide the practice. We should deeply and lastingly conduct the anticorruption struggle and do a good job in grasping party style and administrative honesty.

Jiang Chunyun pointed out: Over the past few years, all localities and units across the province have explored and accumulated some successful experiences in party building work. The study and implementation of the decision should be combined with the efforts to sum up and popularize the successful experiences, persist in proceeding from reality, and strengthen specific leadership over party building work. The provincial party committee are deeply convinced that through the common efforts of party organizations at all levels across the province, the guidelines of the fourth plenary session will surely be implemented in places where needed and the province's party building work will surely be enhanced to a new level.

Kong Fengji, member of the standing committee of the provincial party committee and director of the propaganda department, attended the forum. (Wang Keyu), director of the Organizational Department of the provincial party committee, presided over the forum.

#### **Shandong Economic Statistics of Past 3 Quarters**

SK1510123194 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 13 Oct 94

[FBIS Translated Text] On 13 October, the provincial Statistical Bureau made public our province's national



economic performing situation of the past three quarters. Judging from the situation, the progress of our province's all sorts of reforms has been smooth, noticeable results have been made in macroeconomic regulation and control, the national economy has increased in a sustained and rapid manner, social order has been stable, and the overall situation has been good.

According to the preliminary estimate, by the end of the third quarter of this year, the gross domestic product was valued at 250 billion yuan, up 17.7 percent over the same period last year if calculated in terms of comparable prices. Of this, the primary industry increased by 6 percent, the secondary industry increased by 20.2 percent, and the tertiary industry increased by 21 percent. The total social supply and demands were kept basically balanced.

During the previous three quarters, the main indications of our province's economic development were that industrial production increased in a sustained and rapid manner, production and sales were well coordinated, and economic efficiency began to gradually pick up. From the first to the third quarter of this year, the total added value of industry at and above the township level across the province reached more than 100 billion yuan, up 22.3 percent over the same period last year, if calculated in terms of comparable prices, which was higher than the national average by 5.7 percentage points. Fairly good results were achieved in agricultural production. Based on the preliminary estimate, during the previous three quarters, the added value of agriculture, forestry, animal husbandry, and fishery reached 42 billion yuan, up 6 percent over the same period last year. In grain production, we expected to have a total output of 40.75 billion kg, which was basically the same as last year. In cotton production, we ended the declining situations in two successive years. It is expected that the total output may reach 725,000 tonnes or so, up 76.8 percent over the same period last year. The increase of investment in fixed assets began to decline after experiencing vast increases, and the investment structure further improved. From the first to the third quarter, the accumulated investments made by state-owned units across the province reached 331.704 billion yuan, up 25.3 percent over the same period last year. The scope of increase declined by 33.7 percentage points from the same period last year. The urban and rural markets were brisk and stable and market sales continued to increase. From the first to the third quarter, the total retail sales of consumer goods in society reached 74.257 billion yuan, up 31 percent over the same period last year, showing an increase of 9.5 percent, if the factor of price rises was excluded.

The living standards of residents improved steadily. From the first to the third quarter, the average wage of workers was 2,714 yuan, an increase of 29 percent over the same period last year; the average per capita income for living expenses of urban residents reached 2,313.72 yuan, or an actual increase of 10 percent, if the factor of

price rise was excluded. The average per capita cash income of peasants of the three quarters was 847.57 yuan, an increase of 37 percent over the same period last year, the greatest increase in recent years, showing an actual increase of 14 percent after price factor was deducted.

At present, the major problems existing in our economic life are that the scope of price hikes is fairly high; some state-owned industrial enterprises still have difficulties in production and management; and the foundation status of agriculture needs to be strengthened and further resolved in the course of deepening reform and stabilizing production.

### Huang Ju Sets Economic Work Goals for Shanghai

OW1710050394 Shanghai People's Radio Network in Mandarin 2300 GMT 10 Oct 94

[From the "990 Morning News" program]

[FBIS Translated Text] At the 18th enlarged executive meeting of the Shanghai Municipal Government, which was held yesterday, Huang Ju, member of the CPC Central Committee Political Bureau, secretary of the Shanghai municipal party committee, and mayor of Shanghai, set work requirements for the fourth quarter of this year.

Huang Ju pointed out: We must conscientiously implement the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee; make sustained and redoubled efforts and go all out to completely fulfill this year's economic and social development targets, so as to realize our first-round goal of bringing a great change to Shanghai in three years; and get ready to welcome the next three years.

At the meeting, Huang Ju briefly reviewed Shanghai's economic construction and social development in the past nine months. He said: The situation regarding Shanghai's economic construction and social development is better than expected. Huang Ju particularly stressed the necessity to make sustained and redoubled efforts to carry out the work in the fourth quarter of the year, so as to completely fulfill all the annual plans. Huang Ju said: To completely fulfill all our annual targets, we must overcome our weaknesses so as to ensure the all-round fulfillment of various major economic targets.

Huang Ju attaches great importance to issues which are closely related to people's living conditions, such as market prices and placement for people who have to be relocated. He said: Stabilizing market prices, especially the prices of vegetables and nonstaple goods that have a bearing on the daily life of the people, remains one of our priorities in our current work. We must be prepared for a long-term fight, but we must also have determination and measures to bring down prices in a short period of time. We must continue to do our best to ensure the

stability of market prices. At the same time, Huang Ju called for continued efforts to do a good job in maintaining social stability by arranging placements for people who have to be relocated. He also set requirements for doing a good job in the construction and management of major municipal projects, in ensuring projects' progress and quality, in paying attention to safety in building these projects, in organizing reform experiments in the modern enterprise system, and in carrying out the autumn harvest, autumn sowing, and farmland water conservation projects during this winter and next spring. He also called on leading departments at all levels to begin drawing up targets for next year and for the second-round three years after summing up experiences and conducting investigations. He also urged them to make early preparations and early arrangements so that they will be able to have a good start for work next year.

Vice mayors of Shanghai and responsible leaders of commissions, offices, and bureaus, and of district and county governments attended the meeting.

#### **Shanghai Cracks Down on Securities Market Crimes**

*OW1710105794 Shanghai People's Radio Network in Mandarin 2300 GMT 10 Oct 94*

[From the "990 Morning News" program]

[FBIS Translated Text] Dereliction of duty and crimes committed by securities market employees in Shanghai have attracted the close attention of competent authorities. It is understood that since last year, procuratorates in Shanghai have handled 121 criminal cases in securities transactions, of which 102 were economic crimes of embezzlement, bribe-taking, and misappropriation of public funds; and 19 involved dereliction of duty. Among the offenders were [stock exchange] runners, traders, and managers. Of the 19 dereliction-of-duty cases, 14, or 73.6 percent of the total, caused grave economic losses of 25 million yuan through permitting or conniving on overdrafts by small investors in violation of the regulations.

#### **Shanghai Opens Street for Taiwan Businesses**

*OW1510135994 Beijing XINHUA in English 1330 GMT 15 Oct 94*

[FBIS Transcribed Text] Shanghai, October 15 (XINHUA)—A special street for computer and electronics businesses from Taiwan opened here this Thursday [13 October], with Wang Daohan, chairman of the Association of Relations Across the Taiwan Straits (ARATS) on hand at the opening ceremony.

The street, which is located at Furong Road, has been built with investment from 52 Taiwan businesses, in cooperation with the Shanghai Computer and Software Technology Development Center.

Seven Taiwan businesses have already started business in the street. Businessmen from both Taiwan and Shanghai said the operation of the street will help enhance cooperation between Taiwan and Shanghai in the computer and electronics industry.

#### **Shanghai Foreign Trade Rises 17.7 Percent**

*HK1710023094 Beijing ZHONGGUO XINWEN SHE in English 0404 GMT 15 Oct 94*

[FBIS Transcribed Text] Shanghai, October 15 (CNS)—Shanghai Customs recently announced that in the first nine months of this year, imports and exports through Shanghai port amounted to US\$23.34 billion, a 17.7 percent growth over the same period of 1993.

Shanghai is the largest port in China. It actively provides foreign trade services for the Changjiang River valley and all parts of China so as to play a full role of a port and enlarge foreign trade. Last year the amount of imports and exports through Shanghai port reached US\$30.9 billion. Annual import and export volume doubled when compared with that of early 1980s.

Since the beginning of this year, foreign trade through Shanghai port has achieved another success. From January to September, imports and exports volume through Shanghai port increased by 12.2 percent involving 734,000 batches of goods. 847,000 standardized containers were shipped in and out under the Customs' supervision, a rise of 32.6 percent compared with the same period of last year. The port saw 9,490 ships either arrive or leave, a growth of 19.8 percent. 10,084 aircrafts landed and took off, an increase of 22.4 percent. 21.17 million people came and went, a growth of 19.3 percent. There were also 2.71 million non-trade postal parcels handled, a growth of 3 percent.

#### **Hangzhou Economic, Trade Fair Opens in Shanghai**

*OW1510082994 Beijing XINHUA in English 0758 GMT 15 Oct 94*

[FBIS Transcribed Text] Shanghai, October 15 (XINHUA)—The Hangzhou Economic and Trade Fair opened in Shanghai today, the first of its kind the capital city of Zhejiang Province and one of the country's scenic resorts, ever held in this industrial and financial center.

More than 1,000 business people and representatives from Japan, the United States, France and the Republic of Korea as well as from Shanghai were present at the opening of the fair this morning.

The fair consists of three parts: The industrial exhibition, tourism promotion, and projects listed for foreign investment.

Located in the southern part of the Chang Jiang delta and 180 kilometers from Shanghai, Hangzhou has formed a fairly complete industrial setup ranging from machinery, electronics, textiles, chemicals, medicine,

light industry, food processing, building materials to domestic electric appliances.

Its indexes of the gross domestic product, industrial output, retail sales volume and revenue last year ranked within the top ten among the 35 large and medium-sized cities in the country.

The city has established economic and trade ties with more than 100 countries and regions, and business people from 52 countries and regions have come to invest in this picturesque city.

A survey shows that the city has approved of the establishment of 2,412 foreign-funded enterprises involving a total contractual investment of 2.7 billion U.S. dollars.

The first eight months of this year saw the city export 400 million U.S. dollars worth of goods, a rise of 80 percent over the same period last year.

### Central-South Region

#### Guangdong Province Rectifies Travel Agencies

HK1610073994 Beijing ZHONGGUO XINWEN SHE  
in English 1212 GMT 14 Oct 94

[FBIS Transcribed Text] Guangzhou, October 14 (CNS)—The Guangdong Provincial Tourism Administration and the Guangzhou Municipal Tourism Administration joined forces in carrying out a correction drive in the travel market specializing in overseas tour. A number of travel agencies, enterprises and their agencies were banned for their illegal undertaking of overseas tour, according to a meeting on various kinds of travel agencies.

Chaos was seen in overseas tour section of the travel market since the beginning of last year when some illegal travel agencies and enterprises either from inside or outside the province rushed to run overseas tour business with intention for staggering profits. They committed unhealthy and even illegal practices such as soliciting clients from elsewhere outside Guangdong or conducting procedures for travel documents outside the province. Some overseas travel agencies set up business points in guesthouses, reception houses as well as residential buildings for illegal operation of overseas tour business for Chinese citizens.

There have so far been 36 business entities inspected in Guangzhou while 28 travel agencies were filed for investigation, of which 12 are underground travel agencies from overseas and two from within the municipality while the 14 others are legitimate travel agencies but run travel business in violation of law and regulations. Most of the overseas underground travel agencies mainly come from the Southeast Asian region. For example a Thailand travel agency set up an office in Guangzhou and solicited potential clients across the country. It engaged in illegal overseas travel business for Chinese citizens and is now under investigation.

Among some 70 travel agencies run across Guangzhou, only the Guangdong Overseas Travel Corporation and its agent known as the Guangzhou Travel and Tourism Company as well as the provincial Travel and Tourism Company of the China Travel Service and its agent were officially authorized by the National Tourism Administration to offer overseas travel service.

The provincial tourism administration and the Guangdong Department of Public Security jointly carried out correction measures including suspension of issuing visa for Macao tour to persons holding household registration elsewhere outside the province, cancellation of fast issuance of travel documents, observation of arrangements by the provincial authorities for entities organizing overseas travel and following the standard for service charges set for various kinds of travel items.

#### Guangzhou Opens First Numeral Cellular Phone Network

OW1210141494 Beijing XINHUA in English 1357  
GMT 12 Oct 94

[FBIS Transcribed Text] Guangzhou, October 12 (XINHUA)—China's first provincial numeral-cellular-phone network opened today in Guangzhou, capital of the southern Guangdong Province, an indication that China's mobile tele-communications is beginning to shift from the analogue to numeral form.

The network consists of four numeral cellular-phone exchange bureaus in Guangzhou, Shenzhen, Zhuhai and Huizhou, in addition to 53 relay stations, covering 28 cities and counties in the Zhujiang River Delta.

To build the network, advanced equipments were imported from Sweden, Germany, Italy and Canada.

China's mobile tele-communications has enjoyed a rapid development with the number of cellular-phone users growing fast since 1987, when China first started its mobile tele-communications business.

By the end of August this year, the number of cellular-phone users had exceeded one million nationwide and in Guangdong alone, the number topped 420,000.

At present, all China's provincial capitals have cellular-phone exchange bureaus. Of those, Beijing, Tianjin, Shanghai and Guangzhou provide the special service of domestic long-distance calls.

#### Shenzhen Becomes 'Paradise for Beggars'

HK1510021494 Beijing ZHONGGUO XINWEN SHE  
in English 1415 GMT 14 Oct 94

[FBIS Transcribed Text] Shenzhen, October 14 (CNS)—Shenzhen has become a paradise for beggars. Though local authorities have taken some measures to disperse and repatriate beggars, they seem to be at their wits' end.

Early in August, a district authorities task force repatriated 17 beggars by lorry through Baimang Checkpoint.



Ironically, some of those 17 beggars, by taking taxis, returned to the city proper even earlier than their escorts. Such an extraordinary phenomenon has happened several times.

Shenzhen beggars have their own organization, areas and even an overall "director". They scatter among streets and lanes and even "work" in groups. One is free to join a group as well as to go on one's own. Being destroyed and dispersed in one place they will regroup and appear in another place.

Investigation of the above-mentioned 17 beggars revealed that 20 percent of them are long-term beggars, 60 percent short-term and 20 percent a combination of both. They would return to a place after being repatriated, and gang up again after being dispersed. A vicious circle is formed that they leave detention centres for hometowns, and will soon be back in the city again. As a result, short-term beggars become long-term ones, and they grow in number and gain more experience.

Shenzhen beggars include disabled persons, stray children, those fallen out of love, the unemployed, school leavers due to improper family education or from problem families, those failing entrance exams of higher institutions of learning, so-called underground kids etc. There is also a trend that the age of this group of people is becoming younger.

Many professional beggars will beg during the day and squander at night. Take begger Jiao for example. He used to be a worker. Being lazy and greedy, he was dressed in rags during the day and begged, but at night, he put on suits and shoes, either dancing in ballrooms or chasing after women. Thus he played two despicable roles in life.

Shenzhen beggar groups are very complex. There are people who really need help and people who pretend to be beggars for different aims. Shenzhen authorities should really sit down to study this social problem. Real and fake beggars should be differentiated and remedies should be provided according to cases. Repatriation and resettlement of beggars should be reformed. Traditional measures of detaining, dispersion and repatriation are to no avail.

#### Shenzhen Villagers Protest Official Corruption

HK1510082194 Hong Kong SOUTH CHINA  
MORNING POST in English 15 Oct 94 p 3

[By Stella Lee]

[FBIS Transcribed Text] A group of Hong Kong owners of property in China yesterday staged a 48-hour protest against suspected corruption by mainland officials. They said their attempts to voice complaints in Shenzhen were blocked by armed police.

The group, which claimed to represent 600 residents of two villages in Shenzhen, said people from two other villages were expected to join their sit-in when they got permits to cross the border.

Ng Chong-xiang, a representative of Heng Longgang village in Nan Shan district, said complaints of suspected corruption by officials involved in the village redevelopment project were ignored by various government units. Mr Ng said his shoulder was injured by one of 100 public security officers who confronted them last Saturday when villagers attempted to smash a scaffolding in the redevelopment site after they heard their 500-year-old ancestral hall was demolished. An earlier attempt to complain also ended up in a confrontation with more than 100 armed officers. No one was injured. "We have decided to approach Xinhua (the New China News Agency) as we do not want to see any more injury," Mr Ng said.

The 300 residents of Heng Longgang village said a senior Communist Party official was suspected of illegally selling the 17,500 square-metre plot of land on which their village stood. The village was demolished in April 1993 as part of a modernisation programme. Villagers were resettled in July this year in two eight-storey buildings near the original site. Mr Ng said: "Villagers should have permanent right to use their land, but we were given only resettlement in two substandard buildings near the original site of 50 years. And we were not given a cent of the compensation promised.

"The official, who is involved in the redevelopment project, once told us that the piece of land was sold for two million yuan (about HK\$1.86 million and used to build a factory. "When we challenged him that he could not sell the land without the villagers' approval, he denied the land was sold," Mr Ng said. There was no major construction work on the site and villagers had not been told of any plans for it. The villagers demanded a return of their rights to use and develop their land permanently and compensation in the form of new houses.

In the case of Chang Xing village, representative Cheng Tak said they were denied the right to negotiate the terms of compensation. Mr Ng and Mr Cheng said many villages under redevelopment programmes had faced similar problems. Xinhua representatives told them to give the petition to the Shenzhen Government.

#### Zhuhai Opens Up 25 State-Level Customs Outlets

OW1710073994 Beijing XINHUA in English 0639  
GMT 17 Oct 94

[FBIS Transcribed Text] Beijing, October 17 (XINHUA)—Zhuhai, a coastal city in south China's Guangdong Province, has opened 25 state-level customs outlets which have helped promote local economic prosperity.

The Gongbei Customs Office, the only land outlet to Macao, now handles 4,000 tons of goods and 140,000 passengers a day. It has become the second biggest land outlet in China.

Jiuzhou port handled 2.3 million tons of export and import goods and 200,000 containers last year.

Last year, the customs in Zhuhai handled 20 million tons of imports and exports and over 23 million passengers.

The city plans to have 29 state-level outlets by the year of 2000.

A modern Zhuhai port and airport are under construction. The city also plans to build bridges across the Pearl river to Hong Kong and west Guangdong.

### **Guangxi's Qinzhou Builds New Port Facilities**

OW1710063594 Beijing XINHUA in English 0623  
GMT 17 Oct 94

[FBIS Transcribed Text] Nanning, October 17 (XINHUA)—Qinzhou, a city at the Qinzhou Bay of southwest China's Guangxi Zhuang Autonomous Region, has become more and more attractive with upgraded infrastructures.

Experts said that at least 28 berths for 10,000 to 150,000 dwt- class ships can be built at the Qinzhou port to handle more than 100 million tons of cargo annually.

Projects for adding supporting facilities and upgrading other infrastructures have been undertaken since 1988, when the State Council, China's cabinet, listed Qinzhou as an open city.

In January this year, two 10,000-dwt berths went into operation and a first-grade highway opened to traffic. The construction of an expressway and another first-grade highway is in full swing.

Thanks to the improvement of infrastructures, more and more foreign investors have come, a local official said.

Last year the city approved 165 overseas-funded enterprises, which involved 160 million U.S. dollars in contracted foreign investment, more than the total for the preceding eight years.

In the first eight months of this year, the city approved 16 overseas-funded enterprises and signed a number of agreements to introduce more foreign capital.

Meanwhile, 34 foreign business organizations have set up offices in the city.

### **Henan Sows Over 2.1 Million of Wheat Hectares**

OW1510130394 Beijing XINHUA in English 1230  
GMT 15 Oct 94

[FBIS Transcribed Text] Zhengzhou, October 15 (XINHUA)—Central China's Henan Province has sowed more than 2.1 million hectares of wheat despite serious drought which hit the province since autumn set in.

According to an official from the province's agricultural departments, the sown area, which is already half of the total acreage, represents 44.5 percent over the planned area, leading the rest of the country in wheat acreage.

As a major wheat producer in China, Henan, in face of the serious drought, has taken a number of measures this year to curb price hikes of major farm-use materials and increase farmers' investment in wheat production. More local officials and technicians have been sent to help farmers with farming.

## **Southwest Region**

### **Symposium Outlines Communication Strategy for West**

OW1410122794 Beijing XINHUA in English 1143  
GMT 14 Oct 94

[FBIS Transcribed Text] Lanzhou, October 14 (XINHUA)—China's western region should strengthen communication linkage with the east and open up its trunk lines to the further west so as to form a regional network in the short run and comprehensively develop railways, roads, waterways and airways in the next few decades.

This is the strategy advocated by scholars at a recent symposium in Lanzhou, capital of northwest China's Gansu Province. The symposium is sponsored by the China Association for Science and Technology at the proposal of Qian Xuesen, a prominent Chinese scientist.

Some 100 experts from nine national societies on railways, roads and geography and provincial or autonomous regional science and technology associations of Xinjiang, Qinghai, Tibet, Gansu, Sichuan and Yunnan attended the meeting.

The western region is one of China's major outlets to the world and its communication development strategy should comply with the overall state development plan to help gradually shift development emphasis to the west and to open up coastal areas, scholars noted.

The western region is abundant in nonferrous metals, petroleum, natural gas, salt, phosphate and construction materials, but it is relatively sparsely populated.

### **Official Reports Boost to South Tibet Economy**

OW1610135694 Beijing XINHUA in English 1157  
GMT 16 Oct 94

[FBIS Transcribed Text] Lhasa, October 16 (XINHUA)—South Tibet, the cradle of Tibetan culture, is boosting economic development in an all-round way.

The area, mostly under the Shannan Prefecture, abounds in scenic spots and mineral resources including chromite, lead and zinc and rock crystal.

Apron, traditional woolen fabric, apple, wooden bowls and stone stoves produced in the area are known in the whole region.

To make full use of these resources and speed up local economy development, a total of 600 million yuan will

be invested in the fields of energy, transportation, telecommunication, agriculture, and education within this year and next year, according to Qiangba Punco, a local government official.

So far, an airport has been completed in Konggar county.

Other construction projects which are well under way include: An asphalt road from Konggar to Zetang, a highway from Konggar to Lhasa, capital of the region, the seventh bridge over the Yarlung Zangbo River and four ground satellite stations.

Preparation is under way for transforming two power plants on the Oiga river and constructing a power plant in Comai county. These projects are scheduled to require a total of 70 million yuan in construction.

To boost industrial development, local people are bent on mining chromite in Qusum county, which ranks first in ferrochrome reserve.

When the mine goes into production, it will turn out 55,000 tons of ferrochrome ore a year.

At the same time, local farmers are focusing on constructing water facilities and planting shelter-forests.

After building two reservoirs in Konggar county, the farmers are busily building the region's largest one, the Qonggyai Qonkor reservoir.

In addition, local people have set up Zetang nursery, the largest in the whole region, which has a storage of two million tree saplings of 60 varieties, and sells one million saplings every year.

The Yarlung Zangbo River shelter-forest also has taken shape.

So far, farmers in Sangri and Konggar counties alone have planted 14 million trees along the river valley, which covers about 9,000 hectares of land. The tree belts have turned out an annual of 1,000 tons of firewood and 10,000 tons of forage grass.

Moreover, south Tibet has organized a yalong cultural festival, playing host to both domestic and overseas businessmen and celebrities, in a bid to raise publicity of the area and attract more funds.

To further enhance the economic development of south Tibet, local people in five main agricultural counties will open up more cultivated areas, transform lower-yield farmland, spread agro-techniques, rearrange grain structure to increase the output of grain, vegetation and edible oil.

South Tibet is working flat out in a bid to set up five bases of commodity grain, light industry and textile, popularizing latest technological findings, vegetation and tourism, according to Qiangba Punco.

### **Tibet To Take 'New Measures' To Help Poor People**

OW1410164094 Beijing XINHUA in English 1536  
GMT 14 Oct 94

[FBIS Transcribed Text] Lhasa, October 14 (XINHUA)—The southwest China's Tibet Autonomous Region plans to take new measures to help the local residents to get rid of poverty.

According to the local financial officials, banks in the region will issue more loans to the poverty-stricken areas at a lower interest rate of 4.32 percent.

The loans offered to the poor farmers and herdsmen will concentrate on cash crops planting, domestic animal raising, and native farm produce, the officials said.

They said that more funds will be channeled to develop the labor-intensive township enterprises which focus on processing of the farm and sideline products while the funds for infrastructure construction including roads and water conservatory projects will be solved mainly through labor services and fiscal subsidiary.

At present 480,000 people in 18 counties of Tibet still have difficulties in having enough food and clothing.

### **Economic Reform Brings Rewards to Tibet Farmer**

OW1710030594 Beijing XINHUA in English 0243  
GMT 17 Oct 94

[FBIS Transcribed Text] Lhasa, October 17 (XINHUA)—Chi Zholma, a former beggar in southwest China's Tibet Autonomous Region, is now known as a farmland contractor and one of the richest men in the region.

Chi Zholma has contracted 13 hectares of farmland since 1984 and achieved good harvests that give him good rewards.

He harvested about 35,000 kg of grain and 450 kg of barter oil a year. In recent years, he earned 20,000 yuan annually by selling 20,000 kg of surplus grain.

With the money, he built a 9-room house and bought furniture, electric appliances and necessary farm tools such as a hand-tractor, a harvester and a thresher.

In 1989, he was listed as a national labor hero and was received by some senior leaders of the central government in Beijing.

Chi Zholma attributed his success to China's reform policy.

"I was very poor in old China. My parents were forced to leave their hometown in neighboring Qinghai Province for Tibet because they would not repay the huge debt," Chi Zholma recalled.



"I used to beg from door to door in Bome County with my parents," he added.

Life really started to change in the 1980s, he said. To achieve better harvests, he sent his son to learn modern agro-techniques, improved field management and planted improved varieties on large tracts of farmland in the following years. He also raised 40 cattle and 10 pigs.

So far, he has mapped out a three-year plan for the family in an effort to make his family more affluent and provide more help to his neighbors.

### North Region

#### Beijing 'Accommodation Charges' Cause Friction

HK1710111394 Hong Kong MING PAO in Chinese 13 Oct 94 p B1

[By "special coorespondent" Tan Hsiao (0830 2699): "Beijing Municipality and Central Institutions Clash Over Collection of City Accommodation Charges"]

[FBIS Translated Text] A few days ago, Beijing Municipality made public the "Beijing Municipal Regulations on the Collection of City Accommodation Charges," which will take effect on 1 November. This move has been violently opposed by nearly all institutions under the central government in Beijing. The two sides are hotly debating this issue within a limited scope. According to a source in Beijing, no high-level person has stepped forward to make a ruling so far.

The "Regulations" were approved at the 12th Meeting of the 10th Beijing Municipal People's Congress Standing Committee on 8 September in the form of local legislation. The "Regulations" provide for the collection of accommodation charges from those who have had approval to settle in Beijing as permanent residents. Those moving in as an establishment comprising more than 10 people, each group should pay 100,000 yuan; those moving in individually as city residents should pay 50,000 yuan each for resettlement in the city and suburban areas and 30,000 yuan each in the outer suburban areas and counties; and those moving in individually as rural residents should pay 20,000 yuan each for resettlement in the suburban areas and 10,000 yuan in the outer suburban areas.

According to the source, most central institutions knew nothing about the "Regulations" before their promulgation. After promulgation, the central institutions frequently transferring people into Beijing discovered that the regulations were directed against them. After calculations, they found that they had to pay 10 million yuan or tens of millions of yuan in "city accommodation charges" for those transferred into Beijing and they do not have such expenses in their financial budgets. The source pointed out: According to the persons in charge of many institutions, there will not be such an item for all institutions in future state financial budgets either. In the

course of reform, the influence of institutions under the party Central Committee and the State Council has gradually waned in the wake of continuous decentralization of power and they will survive entirely on central financial allocations as provided by the political restructuring program. Beijing Municipality has now made such a decision without consulting them. In their view, this not only exceeds their payment capability but is also a loss of face. Consequently, within a small scope many central institutions vehemently denounce the move by Beijing Municipality as the "collection of unjustifiable charges" and a serious violation of the relevant central provisions.

On the other hand, Beijing Municipality also stipulated some time ago that for all advertisements carried (broadcast) in Beijing media, 3 percent of the total charges should be turned over to an Education Fund. Thereupon, in apparent partiality to the central institutions, all central-level press institutions have joined in the denunciations.

It has been learned that Beijing Municipality has also reacted quickly. It has enumerated its achievements in urban construction in recent years, including the airport express highway, the second- and third-ring highways, and the nearly-completed new railway station. Beijing Municipality said: These projects have cost a huge sum of money. Moreover, to ensure that Beijing becomes a modern metropolis, there should be continued input into urban construction as well as education, commercial services, and so on. However, an abnormal and excessively rapid increase in Beijing's population in recent years has brought tremendous pressure on urban construction and management. Therefore, it is absolutely necessary to collect city accommodation charges, a practice which has been widely adopted in many cities across the country.

The source said: There have been growing contradictions between the central and local authorities in recent years. The fact that there is also a head-on conflict between the capital and the central institutions shows this kind of contradiction has become white hot. Both parties to the debate have a lot to complain about: Beijing Municipality thinks it difficult to be officials in Beijing because all central institutions regard themselves as "panjandrum." Administration of the city is difficult as it is and now it comes under attack from all sides as a result of collecting "accommodation charges" in the form of legislation; it does not know what to do in the future. On the other hand, the central institutions think that Beijing Municipality is in a favorable position to enjoy preferential advantages in terms of grains, oil, water, electricity, and so on. It has indeed "forgotten all moral principles at the sight of profits" this time by "taking a tough measure" without prior consultation. A certain person in charge even jokingly said: "Let's see whether Beijing Municipality dares to collect money when Jiang Chunyun and Wu Bangguo (Shanghai leader who has been appointed Central Political Bureau member) come to Beijing."

The source said: The current debate is still a case in which both parties claim to be in the right. Such a debate cannot be resolved unless people from the top hierarchy say something about it. However, judging from the "strength" of both sides, nobody is likely to step forward and take the hot potato unless he is forced to.

#### **XINHUA Kills Item on Inner Mongolia Centralism**

*OW1610110994 Beijing XINHUA Domestic Service in Chinese 2123 GMT 14 Oct 94*

[By reporters Tang Ji (3282 6060) and Yang Xingguo (2799 5281 0948); Beijing XINHUA Domestic Service in Chinese at 0943 GMT on 15 October transmits a service message killing the following item]

[FBIS Translated Text] Hohhot, 15 Oct (XINHUA)—Party committees at all levels in the Inner Mongolia Autonomous Region have upheld and perfected democratic centralism. With each level spurring on and taking charge of other levels, they have promoted unity and clean administration among leading bodies, improved ties between the party and masses, improved the decision-making abilities of leading bodies, and ensured ethnic unity, social stability, economic prosperity, and smooth progress in reform and opening up in the autonomous region.

In the process of reform and opening up, party committees at all levels in Inner Mongolia have reached this consensus: The party's basic line is our party's political line, and the fundamental purpose of upholding democratic centralism of the party is to provide an institutional guarantee for upholding one central task and two basic points in the entire party. Party committees of all leagues, cities, banners, and counties should regard efforts to deepen the reform, open up wider, accelerate economic development, and persevere in grasping two links at the same time as the core content of fully promoting democracy and implementing correct centralism, and the fundamental objective of strengthening the construction of leading bodies and increasing the fighting power of party organizations. They should use democratic centralism to ensure the implementation of the party's basic line, resolutely obey the united leadership of the party Central Committee, and uphold the solemnity and authoritativeness of the principles and policies adopted by the party Central Committee, so that orders and prohibitions are strictly enforced and policies and orders are carried out unimpeded. Party committees at all levels should bear in mind the overall situation of reform, take into consideration both the state and local interests, and ensure that major state reform measures are carried out smoothly. As regards economic development, they should conscientiously subordinate themselves to macroeconomic regulation and control by the state, form the concept of a great market, and make more contributions to the construction of the autonomous region and the state.

Party committees at all levels in Inner Mongolia have seriously studied new circumstances and problems facing efforts to uphold democratic centralism in the new situation of socialist market economy, and have made bold explorations in theory and practice. In light of problems that exist among some leaders, such as expanded selfish departmentalism and weak concepts about the overall interests, they have conducted in-depth education in democratic centralism, and proceeded from constructing systems to form a restrictive mechanism that helps uphold democratic centralism. For example, they have perfected systems that govern party congresses, inner-party elections, guarantees for democratic rights of party members, collective leadership, democratic practices at meetings, honesty and self-discipline among leading cadres, and supervisions by those inside and outside the party; and perfected regulations concerning work of party committees and rules of procedures for party standing committee meetings. Such efforts have a fairly good effect on regulating party life.

Widening democratic channels and persevering in unified leadership—these are the major methods which party committees at all levels in Inner Mongolia used to ensure democratic and scientific decisionmaking. Having made investigations and study the prerequisites and basis for decisionmaking, all localities, before making any policy decisions, have under the leadership of their leaders gone down to the grass-roots level, investigated and understood fully and accurately first-hand information, and regarded repeated efforts to solicit opinions and collect proof through consultations as important links in decisionmaking. In 1987, the autonomous regional party committee summed up both positive and negative experiences; listened extensively to rationalization proposals from all sectors of society; and formulated the correct principles of "coordinated development of agricultural, animal-husbandry, and forestry work," which brought seven consecutive years of agricultural and animal-husbandry bumper harvests to the entire region, and raised the region's capacity for comprehensive agricultural and animal-husbandry production to a new historical level. For decisionmaking on major issues, party committees at all levels have adhered to collective study and decisionmaking, and prevented individuals from making decisions on such issues. They have not merely subordinated the minority to the majority on major issues, they have also reached agreement by unifying thoughts and conducting repeated investigations and study when they failed to formulate resolutions at one sitting. Results of investigations conducted by a joint investigation team comprising the autonomous regional party committee general office and organization department recently show that most of the party committees at all levels in the autonomous region have been able to regulate the actions of leading-body members according to the principles of democratic centralism, promote democratic activities in the entire party, and uphold unity among leading bodies of party

committees, whose unity in turn preserves unity in the party and among nationalities, and social stability at the frontier.

### **Inner Mongolia's Ergun Increases Gold Output**

*SK1610061794 Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 15 Oct 94*

[Summary] The city of Ergun in Inner Mongolia Autonomous Region has shown a large increase in its gold output this year. By 20 September, the city turned out 9,000 liang of refined gold, creating more than 27 million yuan of output value. In 1991, Ergun became one of the cities with an annual gold output of 10,000 liang throughout the country.

### **Inner Mongolia Chairman Hears Education Suggestions**

*SK1410122494 Hohhot NEIMENGGU RIBAO in Chinese 26 Sep 94 p 1*

[By reporter Sun Yifan (1327 0001 1581): "The State Educational Supervision Group Conducts Supervision and Inspection in Inner Mongolia Region"]

[FBIS Translated Text] On 13-23 September, the five-member state educational supervision group led by Chen Dezhen, deputy chief educational inspector of the state educational supervision group, conducted supervision and inspection at the Inner Mongolia Region to examine its implementation of the nine-year compulsory education in line with the law and the situation of eliminating illiteracy among young people and those in the prime of life.

During its stay in the region, the state educational supervision group conducted supervision and inspection in 44 primary and middle schools of four leagues and cities and six banners and counties, such as the district inhabited by Hui nationalities and Togtoh County in Hohhot city, the Kun District and Qingshan District in Baotou city, Darhan Muminggan Joint Banner of Ulanqab League, and Dalad Banner in Ikh Ju League. On the afternoon of 23 September, the supervision group exchanged views with the regional government on the results of the inspection. Chairman Wu Liji attended the meeting.

Our region has achieved gratifying results in the nine-year compulsory education and in wiping out illiteracy among young people and those in the prime of life. All sumu, townships, and towns across the region have announced the implementation of primary compulsory education in line with legal procedures; cities with fairly good conditions have announced the implementation of nine-year compulsory education in line with the law. The school entrance rate of school-age children reached 98.1 percent, the attendance rate 98.3 percent, and the rate of entering school of a higher grade after graduation 86.1 percent, all approaching or surpassing the national average. The attendance rate of junior middle students

reached 90.3 percent and the graduation rate 93.9 percent. Fairly big progress was made in developing secondary vocational and technical education. The student enrollment rate of various sorts of vocational and technical schools and that of ordinary senior middle schools is in the ratio of 0.93 to 1. A number of key secondary specialized and key vocational middle schools with fairly high quality and different characteristics have been built. Ordinary higher education has steadily developed with a student body of 37,000, setting an all-time record in history. In addition, we have started more than 90 special fields of study that are badly needed in the region. The education for workers with job training as the priority has soundly developed, the phenomenon of onesidedly seeking diplomas in higher and secondary education for adults has been basically changed, and the principle of giving education in line with needs is being gradually implemented; and the practical technical training during and after the campaign to eliminate illiteracy has rapidly developed, making the illiteracy rate of people above 15 years old across the region reach 15.39 percent, which is lower than the national average of 15.88 percent. More than 2.2 million peasants and herdsmen have received various forms of practical technical training. Among them, some 1.8 million people have received "green certificates." Priority has been given to the development of education for minority nationalities in the course of consolidation and enhancement, and the layout of primary and middle schools for minority nationalities has basically covered the minority population; vocational education for minority people has also developed from scratch and filled the blank.

The state education supervision group held that our region's educational situation is excellent, and the party committees and governments at all levels and all social circles have paid great attention to education; the masses are greatly enthusiastic in sending their children to schools; primary education and the work of wiping out illiteracy have been grasped early and solidly; education for minority nationalities has entered the front rank of the whole country's education for minority nationalities. The supervision group also offered suggestions for solving the region's existing problems in educational work. Chairman Wu Liji expressed that he would conscientiously study the views and suggestions of the supervision group in line with local reality and speed up the development of our region's educational undertakings.

### **Shanxi Sets Up State-Level Agricultural Zone**

*OW1310142494 Beijing XINHUA in English 1342 GMT 13 Oct 94*

[FBIS Transcribed Text] Taiyuan, October 13 (XINHUA)—North China's Shanxi Province has set up its first state-level high-tech agricultural experimentation zone, official sources said here today.

The zone, involving 215.8 million yuan (24.8 million U.S. dollars) of investment, covers five counties and one district of Taiyuan.



Economists said that the zone would play a positive role in steering the agricultural sector toward a growth pattern of high yields, high quality and high efficiency.

Officials from relevant government bodies, including the provincial planning commission, the provincial agriculture and animal husbandry department, the provincial science commission and the provincial agriculture bank, have formed a special work team taking care of the zone, whose construction is expected to complete in five years.

The team has singled out a number of projects as this year's priorities, a local official said.

#### **Tianjin Secretary on Implementing 4th Plenum**

SK1710041094 *Tianjin People's Radio in Mandarin*  
1000 GMT 10 Oct 94

[FBIS Translated Text] On 10 October, the Tianjin Municipal CPC Committee held a meeting to relay the guidelines of the fourth plenary session of the 14th party Central Committee to representatives of the municipal democratic parties, the municipal federation of industry and commerce, and nonparty personages. Gao Dezhan, secretary of the municipal party committee, chaired and addressed the meeting. Zheng Zhiying, standing committee member and secretary general of the municipal party committee, reported to the participants the guidelines of the fourth plenary session of the 14th party Central Committee.

Gao Dezhan said in his speech: The fourth plenary session of the 14th party Central Committee, being of overall importance and key historical significance, was held at a crucial moment of reform, opening up, and modernization. Conscientiously studying and implementing the guidelines of the fourth plenary session of the 14th party Central Committee has bearing on the future and destiny of not only the CPC, but also the nation and the people, and plays a very important part in building socialism with Chinese characteristics.

Gao Dezhan said: Better combining the efforts of the Communist party with the support and assistance of various democratic parties and nonparty personages is of extreme significance in implementing the decision well. We sincerely hope that the comrades outside the party will play a greater role in strengthening the construction of the Communist party, be intimate friends of the Communist party in the spirit of [words indistinct], carry forward good traditions, and continue to positively contribute opinions. We hope that you will strengthen democratic supervision over the party organizations at various levels and party members and make timely suggestions and criticisms on the party's ideological construction, work style, and organizational construction. We hope that the members of all concerned democratic parties and mass organizations, as well as the broad masses of nonparty personages, will study the decision, take the decision as a criterion and a basis,

examine and judge the situation that the party organizations at various levels implement the decision, provide timely reportage of the situation to us, and make suggestions and efforts to achieve the self-construction of our party.

Gao Dezhan also urged that the participants would further bring into play their functions for participating in and discussing political affairs, make efforts to achieve the work in various spheres, and make new contributions to comprehensively fulfilling and exceeding 1994's work tasks.

#### **Northeast Region**

##### **Heilongjiang Policies on Wasteland Utilization**

SK1510133694 *Harbin Heilongjiang People's Radio*  
Network in Mandarin 1000 GMT 13 Oct 94

[FBIS Translated Text] The province has recently set forth new policies on developing natural resources in waste mountains, plots, beaches, water areas, and grassland [hereafter called "the five wastes"]. To rationally develop and utilize the natural resources in the province's 70 million mu of wasteland and to attract even more Chinese and foreign enterprises and individuals to participate in it, the provincial land administration bureau has established an office to manage development of "five wastes." The bureau has also formulated some preferential policies to support the development of land resources, according to the overall economic development conception of the provincial party committee and the provincial government with regard to five extensions and two accelerations, namely, extending from petroleum base to petrochemical industrial base; extending from coal production base to coal chemical industrial, coal steel, and coal electrical industrial bases; extending from timber production base to forest products processing and papermaking industrial bases; extending from commodity grain base to agricultural and sideline products processing base; and extending from production of military products to production of civilian products; and accelerating the renovation of old industrial base and accelerating the development of the tertiary industry, township and town enterprises, and private, individual, and foreign-funded sectors of the economy.

The policies stipulate: For the enterprises and individuals engaged in developing "five wastes," the time limit to use wasteland can be extended to 50 years, and such land is permitted to be transferred, leased and presented to, as well as be inherited by others, according to laws. For the land with a transfer period ranging from 30 to 50 years, the transfer fees can be paid on a yearly basis after profits are gained. For the land whose transfer period is shorter than 30 years, the transfer fees can be discounted by 30 to 50 percent based on the state approved land prices. Of the land subject to reclamation, development, and renovation by the enterprises involved in extension

projects, the portion for construction use by these enterprises can be transferred on a priority basis and the portion for the production use is allowed to be leased to others by enterprises independently, with the government collecting only 10 to 30 percent of the land prices as transfer fees. The projects of large-scale development of the "five wastes" each covering an area from 500 mu to 1,000 mu should be approved by city governments, the projects each covering an area of more than 1,000 mu should be approved by the provincial government, and the projects each covering an area of less than 500 mu should be approved by county governments.

To carry out the above preferential policies, the provincial land administration bureau has handled related affairs in a special manner by breaking the old routine. Thus far, responsible persons of this bureau have already gone down to the first lines to conduct face-to-face service.

#### **Harbin Radio Readjusts Program Schedule**

*SK0910062994 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 8 Oct 94*

[FBIS Translated Excerpts] To bring radio propaganda closer to life, reality, and the masses, beginning 10 October the Heilongjiang People's Broadcasting Station will partially readjust and substantiate the first transmission of its programs. After these readjustments, the programs will be more substantial in content and their arrangements more reasonable.

The major principles for readjusting the programs are to fully use the optimum broadcasting time and concentrate energy in order to organize new programs and further upgrade their quality. Through readjustments, more content is added to the program entitled "Direct Broadcast Column," which will be broadcast in the morning and at noon, and news broadcasting hours have been extended. The morning direct broadcast column program is still entitled "Before and After Breakfast." It will be broadcast from 0700 to 0800 [2200-2300 GMT] Mondays to Saturdays. This program, with the main news reports, will guide listeners on the market economy, extend news to various corners of society, and

report in a deep-rooted and thorough manner on major news events and activities occurring in the new age and on social issues the people are interested in. [passage omitted]

After readjustment, the news program will closely focus on reform and opening up, and on upgrading the quality of radio propaganda; will avoid maintaining one pattern to report top news; will go to society to grasp market news; will eliminate the fear of difficulties to grasp hot-debated news; and will positively and prudently accept supervision by the media. After readjustment, the time allotted to broadcast news programs will generally be 100 minutes. The major news content is the provincial hookup. With powerful ideological and guidance especially patterned by the overall news and news columns, this program will report the major news events that take place across the province during the day, and simultaneously set up special news reports in line with the central work of the provincial party committee and provincial government. This program will possess such columns as rejuvenating Heilongjiang's township enterprises, making all people in the province rich, deepening reform, restoring the prestige of large and medium enterprises, and reporting on the graceful bearing of the people of Heilongjiang. This program will contain such fixed columns as the daily news released by prefectural, city, and county broadcasting stations; the listeners' letter box, which will be broadcast once a week; a weekend forum; and a Sunday lookout. The time allotted to broadcast this program is 20 minutes. This program will be broadcast from 1800 [0900 GMT] everyday and repeated at 2100 [1200 GMT]. The 20-minute news program, broadcast at 0600 [2100 GMT] and repeated at 0800 [2300 GMT], has the special features of reliability, plentiful pieces of information, and forthrightness; it has such contents as major provincial news and domestic and international major news released by XINHUA News Agency. The three news programs will be broadcast respectively at 0900, 1000, and 1100 [0000, 0100, and 0200 GMT]. Besides, this station will also broadcast six theoretical programs every week entitled "Theory and Practice," which will be broadcast at 1325 to 1340 [0325 to 0340 GMT].

### Taipei To Establish Spratlys Meteorological Site

OW1710080694 Taipei CNA in English 0734 GMT 17 Oct 94

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Oct. (CNA)—The central Weather Bureau will establish a meteorological station in the Spratly islands this year, expanding Taiwan's meteorological arm to the South China Sea.

The South China Sea, with a surface area of nearly 2 million square kilometers, is an important meteorological observation site, especially for typhoons and monsoons.

The Spratly islands, the largest island group in the South China Sea, however, has not been developed into a meteorological site and little is known about weather patterns in the area.

The Nansha [Spratly] meteorological station will be the first such station to collect data and conduct large-scale scientific studies of the area's atmosphere and its changes, according to Central Weather Bureau Director-General Hsieh Shin-Liang.

After it becomes operational, Hsieh said, the bureau will be able to provide precise meteorological information for weather forecasting in the region, benefiting both Taiwan and other nations' operations in the South China Sea.

The station is the first program to be carried out under the policy guidelines for the South China Sea approved by the Executive Yuan council in April, 1993.

Hsieh said that the station, to be located at Yungshu islet, will engage in surface, sounding and marine meteorological observation and data collecting.

The station will automate surface meteorological observation and military personnel will be contracted to carry out sounding tests by releasing weather balloons twice a day. Bureau meteorologists will be stationed on the islet for marine meteorological observation, including collection of data on currents, waves and tidal movements, Hsieh noted.

### President Li, French Minister Discuss Nuclear Ties

OW1510082094 Taipei CNA in English 0742 GMT 15 Oct 94

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Oct. 15 (CNA)—The international community should not ignore the continued existence and development of the Republic of China [ROC] on Taiwan, President Li Teng-hui said Saturday [15 October].

"Although the ROC is committed to pursuing China's eventual reunification, it should not be denied access to major international organizations and activities," Li

stressed while meeting with visiting French minister in charge of high-level education and research affairs, Francois Fillon.

Li said China is now divided and ruled by two governments, adding the ROC has become a full-fledged democratic country.

Fillon said he is impressed by Taiwan's progress in democratic reforms in recent years. He also expressed the hope that France and the ROC can strengthen cultural and technological cooperation.

Fillon further said nuclear power accounts for 80 percent of total electricity consumption in France. Noting that all French people support the government's nuclear power policy, Fillon said France is willing to share with other countries its expertise in nuclear waste treatment and manpower training.

In response, Li said the ROC is seeking to build a fourth nuclear power plant and hopes to learn from France in nuclear safety and waste treatment.

Fillon arrived in Taipei Friday for a five-day visit.

### Ministry Thanks Countries for UN-Bid Support

OW1410144294 Taipei CNA in English 1344 GMT 14 Oct 94

[By Bear Lee]

[FBIS Transcribed Text] Taipei, Oct. 14 (CNA)—The Foreign Affairs Ministry on Friday [14 October] extended its appreciation to the countries that supported, either directly or indirectly, the Republic of China [ROC]'s bid to join the United Nations during the UN General Assembly session, which ended Wednesday.

Although the request by 12 nations for the United Nations to consider giving the ROC a UN seat was rejected by the UN general committee, the Dominican Republic and six other nations spoke strongly in favor of the proposal during the committee meeting on Sept. 20.

At General Assembly debate sessions, Nicaragua, Costa Rica, Guatemala, Paraguay, Burkina Faso, the Central African Republic, Swaziland, Solomon Islands, Saint Kitts and Nevis, Dominica, Saint Vincent and the Grenadines, Bahamas, Niger, Grenada, Guinea Bissau, and Saint Lucia all spoke in support of the ROC's UN bid.

Their position was echoed by El Salvador, Jordan, Latvia, the Czech Republic, the Philippines, and Belize, all of whom stressed the principle of the universality of UN membership.

In addition, Papua New Guinea, Belgium, Fiji and Malawi, in giving their implicit support for the ROC's bid, called for a dialogue between Taiwan and Mainland China and their simultaneous participation in international organizations.

Political observers here said that in the face of the strong opposition by Beijing to even consider giving the ROC a



UN seat, the support given the ROC at the United Nations could be considered a virtual victory for Taipei.

The observers said, however, that UN membership for the ROC would be a long and difficult mission, and that the ROC in the future should make a greater effort in winning the support of leading nations.

They also said that the lack of consensus on whether to apply for membership in the United Nations and other world organizations under the title of the "Republic of China," or "Taiwan," as insisted on by the government and the opposition Democratic Progressive Party, respectively, has hurt Taipei's efforts at gaining a UN seat.

#### Minister on 'Switzerland's Example' in WTO Bid

OW1510112894 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 10 Oct 94

[From the "Hookup" program]

[FBIS Translated Text] Minister of Economic Affairs Chiang Ping-kun said yesterday [10 October] although some GATT contracting parties can not ratify those agreements reached at the Uruguay Round of talks by the end of this year, the World Trade Organization [WTO] will be set up on 1 January 1995. Hopefully, by following the example of Switzerland, our country will become a WTO founding member after March 1995. Chiang Ping-kun said that Switzerland—a neutral state—could not ratify agreements reached at the Uruguay Round of talks into laws until March 1995 because some contents of the agreements contravene the spirit of its constitution. Therefore, the majority of the GATT nations agree that Switzerland may become a founding member of the WTO after March 1995. Countries that cannot join the GATT by end of this year but have their applications examined and approved and those GATT contracting parties that cannot ratify agreements reached at the Uruguay Round of talks by end of this year will become founding members of the WTO by following Switzerland's example.

#### Impact of GATT Entry on Agricultural Sector Viewed

OW1510081494 Taipei CNA in English 0651 GMT 15 Oct 94

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Oct. 15 (CNA)—Taiwan's agricultural sector is expected to sustain historic impact and consequently shrink in terms of scale and variety after the island joins the General Agreement on Tariffs and Trade (GATT), the government said Saturday [15 October].

Council for Economic Planning and Development (CEPD) officials said that the impact is unavoidable and will serve as a golden opportunity for Taiwan's agriculture sector to adjust structurally and eventually boost competitiveness.

Although Taiwan has made deep cuts in farm import tariffs over the past two years, it is under increasing pressure from world countries to further liberalize its trade regime. Taiwan maintains import tariffs on more than 40 agricultural products, with tariff rates ranging between 40-50 percent, the officials said.

To meet GATT membership requirements, Taiwan will cut its average farm import tariff to 14.98 percent in the first year of membership, and gradually lower the rate to 12.98 percent by the year 2000, they noted.

Taiwan will also lift import area restrictions on 16 fruits and will allow free imports of turkey meat and whole ducks in preparation for GATT accession.

The 16 fruits include apples, grapes, fresh coconuts, peaches, pears, bananas, oranges, grapefruit, plums, lichees, persimmon, pomeloes, guava, longan, pineapple and mangoes.

Government subsidies for such staple crops as rice, corn, sorghum, soybeans and sugar cane will also be reduced to 20 percent over the next six years, the officials added.

#### Ministry Reports Semiconductor Industry Successes

OW1510081794 Taipei CNA in English 0729 GMT 15 Oct 94

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, Oct. 15 (CNA)—Taiwan's production of integrated circuits (ICs) is expected to reach U.S.\$330 million by 1996, lowering its dependence on imports to 65 percent, the Ministry of Economic Affairs said Saturday [15 October].

Officials pointed out that some major electronics manufacturers, including Taiwan Semiconductor Manufacturing Co. (TSMC), United Microelectronics Corp., Hualon Microelectronics Inc., Mosel Electronics Corp. and Texas Instruments-Acer Inc., have already invested in the production of eight-inch wafers in a bid to ease Taiwan's dependence on wafer imports.

Once construction of the wafer factories is completed and commercialized production begins, the officials noted, imports from abroad, particularly Japan, will decline substantially.

Taiwan's semiconductor industry has made great progress in the past decade, narrowing its technological gap with major industrialized countries from five years to one year, they noted.

For example, they said, Taiwan's IC design rules were cut from 7 micrometers in 1980 to 0.6 micrometers in 1992, while advanced nations shrank their rules from 4 micrometers to 0.1 micrometer.

Moreover, they pointed out, the Taipei-based TSMC, Wabond Electronics Corp. and Texas Instruments-Acer entered

into research and development work on 0.5-micrometer ICs this year, matching the standards of advanced countries.

In terms of memory, Taiwan has successfully developed a 16-megabyte dynamic random access memory (DRAM) chip, becoming the world's fifth country capable of producing the chip, they elaborated.

The expected production of eight-inch wafers will also make Taiwan one of the world's major suppliers of static random access memory (SRAM), they added.

### Ministry Reports Industrial Upgrading Package Success

OW1510081594 Taipei CNA in English 0701 GMT 15 Oct 94

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, Oct. 15 (CNA)—Government efforts to push for the upgrading of domestic industry have substantially paid off, the Ministry of Economic Affairs said Saturday [15 October].

Ministry officials pointed out that the first-phase project for industrial upgrading between 1988 and 1993 turned out 345 new products or technologies, creating a production value of about NT [new taiwan] \$50 billion (U.S.\$1.90 billion).

The project targeted research and development in seven traditional industries including shoemaking, pharmaceuticals, plastics, bicycles, precision machinery, stone materials and printing, the officials elaborated.

The project also lowered production costs for the seven industries by an average 10 percent and raised added values by 15 percent, they added.

A total of NT\$650 million (U.S.\$24.80 million), including NT\$510 million (U.S.\$19.46 million) from the government, was spent on the project, they pointed out.

After noting the good results of the first-phase project, they said, the government has channeled another NT\$550 million (U.S.\$20.99 million) into the second-phase project, which began in July last year.

The government has devoted an total of NT\$1.06 billion (U.S.\$40.45 million) to industrial upgrading plans, they added.

### Official Comments on Taipei-Kuala Lumpur Auto Accord

OW1510141294 Taipei CNA in English 1340 GMT 15 Oct 94

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Oct. 15 (CNA)—A Taiwan official said Saturday [15 October] that news of

Taiwan's decision to allow Malaysia to start exporting cars to Taiwan before the island's entry into the General Agreement on Tariffs and Trade could have a negative impact on Taiwan's GATT talks with other countries.

Huang Yen-chao, director-general of the Board of Foreign Trade, confirmed reports that Taiwan has agreed to an initial quota of 1,500 Malaysian small cars, and that the import of those cars will begin before Taiwan's GATT entry.

He said Taiwan had agreed to the early import of the cars as a concession to Malaysia to facilitate GATT talks, and had hoped that agreement would induce Japan and South Korea to accept a similar formula.

BOFT officials said news of the special agreement with Malaysia also could prompt those nations that had earlier agreed to car export quotas with Taiwan starting after Taiwan's GATT admission to reverse their earlier agreements. Those countries include Australia, South Africa, Hungary, and Israel.

In their defense, the officials said it was necessary to reach different agreements with different nations to speed Taiwan's entry into GATT.

The United States had earlier asked Taiwan to open up its car market before its entry into GATT, but Taiwan told the United States that it could only open up its market after its entry into the world trade body.

The officials said that the United States may now ask Taiwan to open its car market further, and that Taiwan could face the impact of imported cars even before its GATT entry.

### Island's Population Reaches 20.86 Million

OW1410143194 Taipei CNA in English 1336 GMT 14 Oct 94

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Oct. 14 (CNA)—Taiwan's population totaled 20.86 million as of the end of 1993, the Directorate General of Budget, Accounting, and Statistics (DGBAS) said Friday [14 October].

The DGBAS cited an islandwide demographic census conducted by the Executive Yuan as reporting that the figure was an increase of 44 percent over 1970, and that the number of households islandwide also increased 1.1 percent to 5.48 million during the period as a result of a trend toward smaller families.

The taking root of the small-family style in Taiwan also helped bring down the number of family members from an average of 5.5 in 1970 to 3.8 in 1993, the DGBAS pointed out.

Meanwhile, the Interior Ministry said that at the end of August there were 389 people over the age of 100 in Taiwan, with women centenarians surpassing men, 317 to 72.

**Hong Kong****PRC Officials on Provisional Legislative Council****Idea Termed 'Practical'**

OW1510094094 Beijing XINHUA in English 0853  
GMT 15 Oct 94

[FBIS Transcribed Text] Hong Kong, October 15 (XINHUA)—A Chinese official here was quoted today as saying that the proposal by the Chinese side to set up a provisional legislative council in Hong Kong in the run-up to 1997 is both practical and feasible.

Zheng Guoxiong, deputy director of XINHUA NEWS AGENCY Hong Kong branch, made the point on Friday [14 October] at a public occasion while commenting on the recent proposal initiated by the Preliminary Working Committee (PWC) for the Hong Kong Special Administrative Region (SAR).

PWC, an organization set up by the Chinese side as to prepare work for the future SAR in Hong Kong, first put forward the proposal in Beijing earlier this month with the view that the existing local legislature will be re-organized in 1997 when China will resume its sovereignty over Hong Kong.

The Chinese side has decided to dismantle and re-organize the present three-tier structure of the local government including the Legislative Council following the British side's insistence on its political reform packages regarding the 1994-95 elections in the territory.

China accused Britain of violating the Sino-British Joint Declaration, the Basic Law and the understandings and agreement reached between the two nations concerning the future of the territory and posing a threat to the smooth transition in Hong Kong by taking such an act.

"It is under this circumstance that the PWC has put forward the proposal," said Zheng Guoxiong, adding that the proposal is both in accordance with the Basic Law and the actual situation in Hong Kong.

He said that the proposal is designed to ensure the normal function of the future government in the SAR at its early stage and maintain Hong Kong's prosperity and stability.

"Therefore, the proposal is both practical and feasible," said Zheng.

He said that the proposal itself has showed the consistent position of the Chinese Government that it will stick to its "one country, two systems" policy by carrying on the preparatory work for the future SAR despite the UN-cooperation on the British side.

According to Zheng, the members of the future provisional legislative council proposed will be mainly produced through the elections by a recommendation committee for the executive officials of the future SAR.

Zheng expressed his belief that the provisional legislature produced by the recommendation committee through elections based on the related provisions of the Basic Law will be both acceptable to the Hong Kong people and capable of serving them.

**Further on Remarks**

HK1710071894 Hong Kong TA KUNG PAO in Chinese  
15 Oct 94 p 2

[Report: "Zheng Guoxiong Speaks of Loss of 'Through Train' and Reasonable Measures Taken by Chinese Side"]

[FBIS Translated Text] Zheng Guoxiong, deputy director of the XINHUA Hong Kong Branch, said yesterday (14 October) that the proposal by the Preliminary Working Committee [PWC] on the establishment of an interim Legislative Council [Legco] is a very good one for the present. He believes that this proposal conforms to Hong Kong's reality and is applicable. On the same occasion he pointed out: Chris Patten said if what he has organized now is overturned, the Chinese side should explain it to the Hong Kong people. In fact, it is nobody but Chris Patten himself who should make the explanation, "because he committed a violation earlier before we made the correction. Therefore, the proposal is entirely fair, reasonable, and legal."

Zheng Guoxiong said this yesterday when asked by a reporter on the relevant issue after attending a routine meeting of the Hong Kong Progressive Alliance.

Zheng Guoxiong pointed out: In accordance with the spirit of the Basic Law and in light of Hong Kong's realities and overall situation, especially the fact that since Chris Patten has been stubbornly pursuing his political reform package which is characterized by the "three violations" the "through train" no longer exists, the PWC, as a work organ of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR], has put forward the proposal on establishing an interim Legco. This is aimed at maintaining Hong Kong's prosperity and stability and ensuring that the SAR Government can operate smoothly, immediately after it is established.

He continued: "In my opinion, this proposal conforms to Hong Kong's reality and is applicable. It is a relatively good proposal at present. The Chinese Government is holding fast to its consistent stand. Under the condition that the British side refuses to cooperate with us, we should make positive efforts to carry out relevant preparatory work for the special administration region."

Zheng Guoxiong emphasized: "Chris Patten said if what he has organized now is dismissed and overturned, (the Chinese side) should explain to the Hong Kong people. In my opinion, it is nobody but Chris Patten himself who should explain, because he committed violations earlier before we made corrections. Therefore, the proposal is entirely fair, reasonable, and legal."



To answer a question raised by a reporter who said that some people are not in favor of establishing an interim Legco, Zheng Guoxiong said: The PWC is a work organ appointed by the National People's Congress Standing Committee. The members of this committee have worked out this best plan (of establishing an interim Legco) after making repeated comparisons. "In my opinion, this is an expression of their collective wisdom."

On questions such as who will be the members of the interim Legco and can those who burned the Basic Law be regarded as respecting the Basic Law, Zheng Guoxiong answered: "On the question of who will join the interim Legco, it is certain that the members will be selected through a certain procedure. The main way is to select them through the Election Committee for the Election of the SAR Chief Executive. I believe that at that time, the Election Committee will surely follow the relevant stipulations in the Basic Law and elect members of the interim Legco, who are acceptable to the Hong Kong people and capable of serving them."

#### Official Calls Idea 'Feasible'

HK1710081294 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1405 GMT 13 Oct 94

[By reporter Dong Huifeng (5516 2585 1496): "Wang Fengchao on Establishment of Interim Legislative Council in Hong Kong"]

[FBIS Translated Text] Beijing, 13 Oct (ZHONGGUO XINWEN SHE)—Wang Fengchao, deputy director of the State Council Hong Kong and Macao Affairs Office, said when meeting with a delegation of the board of directors of Hong Kong Yan Oi Hall who are visiting Beijing, that the scheme to set up an interim Legislative Council [Legco] for the Hong Kong Special Administrative Region [SAR] is more feasible under the situation of doing away with the "through train."

He said: As Mr Patten has proposed a political reform package with "three violations," which has been adopted by the Hong Kong Legco, the Chinese side's good hopes for "a through train" cannot be fulfilled. In order to ensure a smooth transfer of political power and smooth transition and help the SAR Government operate on a legal path immediately after its founding, the Preliminary Working Committee Political and Legal Subgroups, after discussion, considered that the scheme of setting up an interim Legco is more feasible.

After citing a lot of examples to prove the necessity and feasibility of setting up such a body, he pointed out: The Interim Legco should be returned by the future Committee for the Election of the SAR Chief Executive, its term of office will be no more than 12 months, and its terms of reference be restricted to Hong Kong's essential laws after 1 July 1997.

One of the guests asked: Will the interim Legco be founded next year? Wang Fengchao said no, because the

Committee for the Election of the SAR Chief Executive can only be founded after the establishment of the SAR Preparatory Committee in 1996.

Speaking about the new Hong Kong airport issue, Wang Fengchao said: Today, there are only 992 days to go before "97," and time is running out. He hoped that China and Britain can first reach an agreement on the overall financial arrangements for the new airport in accordance with the Memorandum of Understanding before discussing other issues.

Wang Fengchao continued: If the British side still insist on granting the franchise to build Container Terminal Nine in the form of a private agreement, the Chinese side should not be held responsible for the abolition of the project.

Every year, thousands of Hong Kong reporters go to the mainland to cover news but only very few of them have transgressed mainland laws. Wang Fengchao said on these grounds that individual cases should not affect Hong Kong, Macao, and Taiwan reporters' covering news in the mainland. He pointed out: Individual problems have arisen because, first, Hong Kong reporters have used illegitimate means to, for example, buy news with money and, second, to steal state secrets. "This has nothing to do with normal reporting."

During the 90-minute meeting, Wang Fengchao also answered questions raised by the guests on future SAR issues, such as passports, social welfare, localization of laws, and civic education.

The Yan Oi Hall delegation consisted of 12 board members and was headed by Wong Ching.

#### Idea Termed 'Best Option'

HK1410120694 Hong Kong TA KUNG PAO in Chinese  
14 Oct 94 p 5

[Editorial: "The Establishment of an Interim Legislative Council Is the Best Option"]

[FBIS Translated Text] Between the founding of the Hong Kong Special Administrative Region [SAR] on 1 July 1997 and the establishment of the SAR's first legislative council by local elections, is a period of time which is neither too long nor too short. To solve the problem of the legislative needs during this period, the political panel of the Preliminary Working Committee last week proposed a plan for establishing an interim legislative council for the SAR. In Hong Kong, some deputies to the National People's Congress [NPC], members of the Chinese People's Political Consultative Conference, Hong Kong affairs advisers, and regional affairs advisers have carried out independent research on this topic, and one after another they have arrived at a same conclusion. There is still much discussions about this in society, and several plans have been proposed; however, as long as we proceed from the angle of solving the actual

problem and carry out concrete analyses and comparisons, it is believed that a consensus can be achieved eventually on the basis of the plan for the interim legislative council.

The interim legislative council is not an invention of the Preliminary Working Committee; whenever a transfer of reign and change of government occurs in any place in the world, there often is an interim legislative council, which acts as a transitional legislative organ until a permanent legislative council can be established. This is only an issue now because the Chinese and British Governments had originally reached a "through train" agreement, which would allow the last legislative council under the British administration to be confirmed as the first legislative council of the SAR, provided that it meets certain conditions. This is why, at the time of the drafting of the Basic Law, no consideration was given to the establishment of an interim legislative council. Because the British side has broken its promise and has used the "Patten package" to destroy the "through train," the NPC Standing Committee has already adopted a resolution that, along with the establishment of the Hong Kong SAR, the three-tier councils will be reorganized. In reality, the first legislative council of the SAR cannot be formed by elections as soon as the SAR is established; therefore, the idea of establishing an interim legislative council should naturally be given consideration.

In a certain period of time before the establishment of the first legislative council, if the interim legislative council is not established to exercise legislative power, then the so-called legislative vacuum will emerge. A certain opinion holds that it does not matter if this "period of legislative vacuum" really emerges, because the current legislative council also has a summer recess. However, if the "period of legislative vacuum" emerges shortly after the establishment of the SAR, it will be very different from the legislative council's recess. The first difference is: When the legislative council is in recess, all the laws in Hong Kong are still valid, while shortly after the SAR is established, some original laws in Hong Kong must be canceled, amended, or replaced by new laws because they contradict the Basic Law. If a legislative organ is not available to carry out this duty, then there will truly be a "vacuum" for some laws. In addition, a legislative council in recess can handle urgent matters at any time; for example, it once passed an ordinance on saving a bank after reading it three times in one session. Furthermore, important matters, such as passing the financial budget and determining the allocation of funds, will all be properly settled before the recess. Some people have said that the above-mentioned duties can be performed by the chief executive of the SAR through the issuance of administrative orders. If this is the case, the function and power of the chief executive will exceed those stipulated by the Hong Kong Basic Law. The establishment of the interim legislative council can enable the SAR to operate on the legal track from the very beginning of its establishment.

Some people in Hong Kong do not agree with the concept of a "legislative vacuum," saying that, in fact, it is not a vacuum, because the NPC, China's supreme legislative organ, always exists and Hong Kong will be under Chinese sovereignty after 1997. Another opinion maintains that the NPC and its Standing Committee, or the Preparatory Committee for the SAR empowered by the NPC, should exercise legislative power shortly after the establishment of the SAR. However, in this way, legislative power will not be exercised in Hong Kong and by the people of Hong Kong. When the Preliminary Working Committee proposed the idea of establishing the interim legislative council, it was upholding the principles of implementing a high degree of autonomy for the SAR, and of "Hong Kong people running Hong Kong," and it is in accordance with the spirit of the Joint Declaration and the spirit of the Basic Law.

The establishment of the interim legislative council is a reasonable solution of the "legislative vacuum" problem. This problem has been raised by the British side; if the British side had not dismantled the "through train," there will be no need to establish an interim legislative council. When the British side promotes the "Patten package," it will take various actions and measures; when the Hong Kong people are striving to ensure a smooth transition and safeguard prosperity and stability, they will have to make various kinds of appropriate responses. As the British side has not changed course in any way, the matter of the political system has remained unresolved. Some people in Hong Kong are skeptical about why a proposal for establishing an interim legislative council—a new organ which has not been written down in the Basic Law—has to be put forward at this moment, but this just resembles the situation whereby people did not understand when the proposal for establishing the Preliminary Working Committee was put forward. As time passed, the Preliminary Working Committee has performed many solid and beneficial tasks, and the Hong Kong people can see more clearly the necessity of establishing the Preliminary Working Committee.

#### **Singapore's Lee Kuan Yew Criticizes Governor Patten**

*HK1510075894 Hong Kong SOUTH CHINA MORNING POST in English 15 Oct 94 p 3*

[From Ian Stewart in Singapore]

[FBIS Transcribed Text] Singapore's Senior Minister Lee Kuan Yew has told an international conference of top political and business leaders that if the Chinese depart from the Joint Declaration Britain cannot complain. He also criticised Governor Chris Patten for "talking British parliamentary language" to the Chinese, saying it was "like a chicken talking to a duck".

Mr Lee was responding to a question on how China's handling of Hong Kong and Taiwan might affect world opinion, following his address to the Europe-East Asia

Economic Summit organised by the World Economic Forum and the Singapore Economic Development Board.

Mr Lee said Sir Percy Cradock, who negotiated the Sino-British Joint Declaration, had stated that if the British broke it they would "allow the Chinese to also ignore it". "Well, I think they have broken the agreement so if the Chinese depart from the agreement they cannot complain," Mr Lee said. He said that if the British had not departed from it then there would have been "a moral sanction" of a sovereign agreement internationally recognised.

Mr Lee said he did not think even he understood how passionately the Chinese leaders and, indirectly, the Chinese people felt about their national sovereignty and national pride. "I have always felt reading the very eloquent Governor of Hong Kong, Chris Patten, that he was talking British parliamentary language to people who did not understand," Mr Lee said. "To use a Cantonese phrase, it's like a chicken talking to a duck." He said Mr Patten told the media China did not know that Hong Kong was the biggest dowry since Cleopatra. "I thought, God, does this man know the circumstances under which the British came to take Hong Kong," Mr Lee said. "That they sold opium because they ran out of silver to buy tea. That the Chinese mandarin whose name will always be revered burned the opium ... and the Chinese whose name will always be infamous signed Hong Kong away."

He said he did not want to express a preference for one view over that of the other on Taiwan because he understood both sides. "They both feel passionately about it" he said. He said he thought it was dangerous for the rest of the world to express an opinion without having an understanding of the history and pass judgment on whether one had behaved well as an international citizen or whether one had been a thug and was not to be trusted. "I think it does not apply," he said. "This is a domestic problem and should be played out in the domestic context," he said.

A British Foreign Office spokesman only commented: "He is entitled to his views with which we don't agree, and which we have refuted on many occasions in the past."

#### **Patten Defends Policies**

*HK1510084394 Hong Kong EASTERN EXPRESS in English 15 Oct 94 p 2*

[By Mary Binks and agencies]

[FBIS Transcribed Text] The Governor, Chris Patten, has come out in spirited defence of his administration of Hong Kong in the lead-up to the 1997 handover, again urging China to end the feuding over transitional arrangements. His riposte coincided with an assault by Singapore's senior minister, Lee Kuan Yew, that Britain had "no moral ground" to hold China to the 1984

Sino-British Joint Declaration. Lee told a Europe-East Asia economic conference yesterday that Patten's unilateral political reforms had broken the declaration and that the British now had "no moral ground to hold them to it".

In Hong Kong, Patten told business leaders that Britain and China must bury the hatchet and implement the declaration to the full. "I say with all the force I can muster, that there is no point in us continuing those arguments. We have disagreed. That's a great pity. But the time has come to close that chapter and to move on ... we hold out a hand of cooperation."

One businessman questioned Patten on the need to end Sino-British bickering, saying it was causing chaos in Hong Kong. Patten said: "If what we have is chaos, a great deal of the rest of the world would settle for it very happily."

In defence of his administration and in reaction to criticism by China that he was squandering money on "welfarism", the Governor drew attention to the increase in the number of investors in Hong Kong. "Why have they all come? Is it because we are allegedly turning socialist? Red skies over Hong Kong. Welfarism strikes back. Bankruptcy looms. Rampant civic unconsciousness threatens to undo decades of success. Is that it? Is that why they are here? Well, hardly," Patten said. "If we say to people in this community, we want to go on growing but as for your ambitions for better health care, for better teachers, for a better environment, well forget about them, we're going to squirrel all the money away. If we were to say that, it would be a recipe for social tension, for disharmony, for undermining faith in our economic system and in the morality as well as the authority of our system of government."

*HK1510080094 Hong Kong SOUTH CHINA MORNING POST in English 15 Oct 94 p 20*

[Editorial: "Ducks and Chickens"]

[FBIS Transcribed Text] Lee Kuan Yew's latest intervention in the Sino-British dispute over Hong Kong is unhelpful and uncalled-for. In terms of nuisance value his previous attack on the Governor's constitutional reform package when he visited the territory at the end of 1992 pales into insignificance beside it.

Then, Mr Lee talked of China's fear that moves to democratise Hong Kong were part of an international conspiracy to smash Communist power and argued an increase in the number of elected seats in the legislature was less important than selecting the right men to lead the civil service. This time he has gone further, bluntly accusing the British of breaking the Joint Declaration (without deigning to explain how it has been broken), and inciting China to do the same.

Mr Lee is entitled to his opinions, and any true democrat must defend his right to express them. But he is fast losing his claim to being one of the region's greatest



statesmen. It is no act of statesmanship to suggest to China to break an international treaty merely to spite Britain. He should remember that the Joint Declaration was intended to guarantee Hong Kong people a high degree of autonomy and preserve their right to live under a political and economic system different from that on the mainland.

The Joint Declaration also talked of a legislature to be constituted by elections. It was deliberately vague as to what this was intended to mean. Mr Patten's proposals do not conflict with that provision. There is controversy over their compatibility with the Basic Law, but that is an argument China has decided to set aside. It will set up its own constitutional arrangements after 1997.

Had Mr Lee decided to speak out in Mr Patten's favour, no doubt China would have been complaining bitterly about Britain playing the "international card". Since he has chosen to deploy his firepower on China's behalf, no such protests are to be expected from Beijing.

Mr Lee may have a point about Mr Patten's failure to understand that British Parliamentary language is incomprehensible to China. But that is a piece of advice he might usefully offer Mr Patten on a personal level, not one he should mix up in an argument about Britain's "moral ground" for holding the Chinese Government to an international treaty. It is time Mr Lee learned the lesson he is forcing on Mr Patten: some opinions are better expressed in moderate language.

#### Editorial Derides Lee's 'Meddling'

HK1510084194 Hong Kong EASTERN EXPRESS in English 15 Oct 94 p 15

[Editorial: "Back to the Golf Course, Mr Lee"]

[FBIS Transcribed Text] It is still nice to see that Singapore's elder statesman, Lee Kuan Yew, has not lost his touch when it comes to meddling in the domestic affairs of other countries.

Yesterday, at a Europe-Asia economic conference in Singapore, he said Britain no longer had "moral ground" to hold China to the 1984 Joint Declaration on the future of Hong Kong. Why? Because the Governor, Chris Patten, had broken the agreement with his efforts to introduce greater democracy to the territory. He then went on to describe Patten's talks with China as resembling a "chicken talking to a duck". Two years ago he claimed that Patten was part of a Western conspiracy to smash China's power.

This is rich coming from a man who has expelled journalists and banned foreign publications for daring to question the Singapore government or its policies. Lee sees this as foreigners meddling in the domestic politics of Singapore. But it is all right for Lee to wander the international stage telling other countries how they should run their affairs.

Earlier this year, during a lecture tour of Australia, he labelled the country as "a society of relaxed, uncompetitive consumers, welfare-dependent and addicted to high costs and low savings". And then he added the stinger "Australia risked becoming Asia's white trash". What would have happened if the situation had been reversed and Australia's Prime Minister, Paul Keating, had been in Singapore and described the island state as a place dominated by thought police and spin doctors?

Few would question Singapore's remarkable success over the past 40 years. From a sleepy colonial backwater, Singapore has become the fifth most important financial centre in the world after London, New York, Tokyo and Hong Kong. And much of that success is due to Lee and the party he dominated since 1959—the People's Action Party (PAP). (Lee handed over the prime ministership to Goh Chok Tong in 1990, but remains in the cabinet as a senior minister). Lee may have left centre stage but he is still a powerful figure in the wings. Lee and the PAP have dominated virtually every aspect of life in Singapore even before independence from Britain in 1965. Not only does the PAP dominate the island republic's politics, planning and development, it also manages the way people live and behave, work and play. Even the bedroom has not escaped scrutiny. If Singaporeans are not being told to have babies one day they are being told to have more babies the next. They have even been told that intelligent people should marry intelligent people to make intelligent babies.

Singapore has all the outward appearance of a sophisticated democracy. It is a clean, well ordered society, where the people are polite and the streets are clean. But scratch the surface and you will find a thin vein of Orwellian thought control which has been subtle but very effective in creating the orderly state which is today's Singapore. Rock the boat and the state will show no mercy because critics are subversives in the minds of those who are in control. Yes, Singapore has stopped its people spitting in public places, littering the streets, urinating in elevators, chewing gum and smoking in public by fining them until they stop.

Perhaps Lee is right when he said flogging criminals makes Singapore a safer place to live than the United States. Crime is certainly something Singaporeans don't have to worry about. Commenting on the recent flogging of a young American for vandalism, Lee said: "If they think it is barbaric, then please don't bring your 17 or 18-year-old son with you to Singapore and if you do, please warn him of the consequences ... if we abolished effective penalties and treated everybody in the way the Americans treated their criminals, then what would happen?"

And what about Lee's line on women earlier this year when he said his government had been "young, ignorant and idealistic" when it extended equal rights—including access to education—to women, early in his 31 years in power. Lee contended that women now had a more

difficult time finding husbands and that Singapore society was becoming less stable because the "Asian male does not like to have a wife who is seen to be his equal at work who may be earning as much, if not more, than he does. He is not wearing the pants. That is an enormous loss of face." With government-linked companies straddling almost every industrial sector in the country it is not difficult to see why Singaporean businessmen lack what Lee describes as "entrepreneurial spirit".

Perhaps Lee should, like most elder statesmen, slip quietly into retirement; write books, play some golf and leave the running of Singapore and indeed the rest of the world to those who are already in place; and save his comments about the rest of us for his club back home.

### Half of Appointed Legislators Opt Out of '97 Polls

HK1510081494 Hong Kong SOUTH CHINA MORNING POST in English 15 Oct 94 p 5

[Unattributed report]

[FBIS Transcribed Text] At the crossroads of their political futures, most of the 18 government appointees to the Legislative Council faced the hard decision on whether to contest the 1995 polls—and if so, how?

About half of the 18 appointees have opted not to stand for election in September, while the rest are weighing their chances and looking for a niche in the three forms of elections.

Banker Roger Luk Koon-hoo and school principal Timothy Ha Wing-ho, who are among the last batch of governor-appointed legislators in the territory, are to quit politics in favour of their careers. Another appointee, Dr Lam Kui-chun, said he had no wish to join the fray next year, and felt he would earn more respect by being a doctor than a politician. But insiders in the medical profession believed he had an eye on the seat. Solicitor Anna Wu Hung-yuk said she could not afford to become a full-time legislator—a must if she wants to stay in the legislature. Moses Cheng Mo-chi, a Liberal Party member, said he wanted to concentrate on the legal profession. Another Liberal member, Miriam Lau Kin-ye, said she was unlikely to contest the elections. Lau Wah-sum, 66, said he would not take part in the elections because he was too old. Martin Barrow said he had not made up his mind, but wanted to stay and work in Hong Kong.

Others will contest the 30 seats offered in the functional constituency elections, with the sound backup of their professional qualifications. Accountant Eric Li Ka-cheung said he would consider accountancy, social services, the General Chamber of Commerce and the Chinese Chamber of Commerce. Successful in the district board polls, Steven Poon Kwok-lim is certain to make a bid for a seat in the higher level of the political structure. Henry Tang Ying-yen, managing director of a textile

company, is weighing his chances in various constituencies, including textiles and garments, import and export, and personal services.

The well-known political stars are ready for a fierce competition in the geographically based direct elections. Christine Loh Kung-wai has decided to go for Hong Kong Island Central. Liberal Party leader Allen Lee Peng-fei is expected to run for Tai Po (New Territories Northeast). Peggy Lam Pei Yu-dja said Wan Chai or Hong Kong Island Central would be her top priority in the election.

### Civil Service Secretary Admits Prospect of Exodus

HK1610045494 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 16 Oct 94 p 4

[By Political Editor Danny Gittings]

[FBIS Transcribed Text] The Government admitted yesterday it faced a mass exodus of civil servants from several key departments in the run-up to 1997. Secretary for the Civil Service Michael Sze Cho-cheung said the administration had already stepped up recruitment to try to pre-empt the problem. But he warned colleagues against begging Beijing to be allowed to keep their jobs beyond the handover.

Until now, officials have played down the prospects of an exodus. But yesterday Mr Sze conceded it was a very real danger, at least in a handful of areas. "In some departments there will be a problem in the year 1995-96 and we know which departments will face this problem ... but, apart from one or two areas, the problem won't be a serious one," he told legislators. "There are no exact figures. But if you look at the senior staff list in some departments, then you will see what we are worrying about. If many senior staff in any department are over 50 years of age, then we have to consider what may happen."

Mr Sze refused to reveal which areas he feared would be worst-hit, but said the problem involved specialist staff rather than all-round administrators. This appeared to be a reference to works divisions such as the Marine Department, which had a large number of technical posts including shipping inspectors, engineers and architects. Unlike other areas of the civil service, these posts cannot simply be filled using officers from other departments. "If the nature of the work is more specialist, then we do have difficulties because, even if you post some other civil servant to that department, they may have difficulty doing the job," Mr Sze said. "While it is possible to redeploy someone to be director or deputy director of marine, making them chief inspector of ships could be a problem because they do not have the necessary specialist knowledge."

Responding to Mr Sze's comments, local Xinhua (the New China News Agency) Deputy Director Zhang Junsheng warned: "We hope the Hong Kong British Government will not do anything to undermine the stability of the civil service."

A City Polytechnic survey in February, which revealed more than one-third of senior officials were expected to quit because of the handover and that up to 77 per cent held foreign passports, had prompted the Preliminary Working Committee to call on government staff to indicate whether they planned to stay after 1997.

But Mr Sze warned civil servants not to ask Beijing to guarantee their jobs beyond the handover. "To have contacts with the Chinese authorities in order to secure your own career would not be good," he said. "Of course, we encourage civil servants to have contacts with the Chinese authorities ... But for senior officials like myself to ask them whether I can stay in office beyond 1997 would be wrong."

Mr Sze is widely seen as the official most at risk of losing his job after the handover because of his role in spearheading Governor Chris Patten's political reforms. He said preparations for 1997 would be stepped up next month, with the appointment of a senior official to organise the training of civil servants on how to work under Chinese rule.

Mr Sze also revealed the Government would next Monday announce plans to change the way expatriate civil servants' contracts were renewed. At the same time, the expatriate union is expected to file a court writ accusing the Government of breaching the Bill of Rights with its localisation policy. Mr Sze indicated he hoped the October 24 announcement would put an end to the more than year-long feud between expatriate and local civil servants.

#### XINHUA Official Remarks

HK1610045694 Hong Kong SUNDAY HONGKONG STANDARD in English 16 Oct 94 p 2

[By Michael Wong]

[FBIS Transcribed Text] China's second-ranking official in Hong Kong warned the government last night to ensure confidence in the post-1997 administration is maintained within the civil service. Zhang Junsheng, Deputy Director of the China's Xinhua News Agency, said a stable government structure was essential for Hong Kong's future prosperity. Mr Zhang's comments came in the wake of government concerns over finding qualified locals to fill principle official posts, which in accordance with the Basic Law must be filled by ethnic Chinese in time for the resumption of mainland rule.

He also reasserted China's position on the Container Terminal 9 (CT9) issue, in which the Hong Kong Government granted a multi-million dollar contract that straddles 1997 to the Jardines Group. China officials have been claiming the deal was the result of unfair practise by the territory's government. Mr Zhang said the Hong Kong Government had to ensure fair bargaining for all competitors. "If China agreed to the Hong

Kong Government's decision on CT9," he said, "that would damage Hong Kong's open-competition trade-status."

Mr Zhang said if the government had taken political factors into consideration in first place, damages to Hong Kong's economy could have been avoided. He said he could not understand why the government would not re-open tenders for the contract of the construction of CT9 for competition. He said such matters should have been discussed by the Chinese and British governments. He said the contract was given to "a group that was not obliged to consider Hong Kong's future its responsibility and has no experience in container terminal management". "Hong Kong's reputation will be damaged because of this," he added.

#### XINHUA Official Hints at Exclusion of Martin Lee

HK1510083994 Hong Kong HONGKONG STANDARD in English 15 Oct 94 p 1, 2

[By Laura Chan]

[FBIS Transcribed Text] A XINHUA News Agency official strongly hinted that Democratic Party leaders Martin Lee and Szeto Wah—both already labelled by Beijing as subversives—would not be allowed to sit on the proposed "caretaker" legislature in 1997. XINHUA's local vice-director Zheng Guoxiong was speaking at a reception last night by a new pro-Beijing political group, the Hong Kong Progressive Alliance. He was asked by reporters whether people who had "burned" the Basic Law could be members of the provisional legislature. Mr Lee and Mr Szeto stood in front of XINHUA and set fire to draft copies of the document during a protest against the Tiananmen Square massacre in 1989.

"Of course, upholding the Basic Law is the basic principle. This is very clear," Mr Zheng said. "Is it upholding the Basic Law if you burn it? Their behaviour is very obvious and has answered your question. I think Hong Kong people have already made their own calculation." After the burning incident, Beijing branded Mr Lee and Mr Szeto "subversives" and barred their return to the Basic Law drafting committee.

Mr Zheng said the suggestion of setting up the provisional legislature was a workable way to prepare for the post-1997 government.

The reception for the Progressive Alliance was remarkable for the hefty, high-profile presence of XINHUA's top local office holders, who encompassed both Hong Kong and Kowloon branches. There were at least 19 XINHUA officials present, including director Zhou Nan, Mr Zheng, assistant director Li Weiting and senior members of the economic, research, personnel, culture, recreation promotion and liaison departments. There was one XINHUA official for every table.



Alliance chairman Ambrose Lau said the Alliance had fielded eight members in the last district board elections, of whom two were successful. He said more Alliance candidates would participate in next year's municipal and Legislative Council elections.

The group's board chairman, Jose Yu, said the party's stance was to "love China and Hong Kong", and XINHUA officials would support all groups that promoted the principle. He said many XINHUA officials attended the reception because most Alliance members knew them beforehand and always kept in touch.

#### **Li Lanqing Meets With Hong Kong Industrialists**

OW1510114694 Beijing XINHUA Domestic Service in Chinese 1248 GMT 10 Oct 94

[By reporter Fang Jin (2455 3866)]

[FBIS Translated Text] Beijing, 10 Oct (XINHUA)—Li Lanqing, vice premier of the State Council, met with a delegation, headed by Jiang Liyun, of the Hong Kong Young Industrialists' Association at the Diaoyutai State Guesthouse in Beijing this afternoon.

Li Lanqing extended a welcome to the young Hong Kong industrialists on their visit to Beijing and briefed them on issues of their concern, such as China's reentry into the GATT, industrial development since China carried out reform and opening up, and attracting foreign capital. He said China's industries are at a period of transition from a planned economy to a socialist market economy. We will utilize three models to reform the state-owned enterprises. China's industries are very promising.

Li Lanqing expressed appreciation for the young Hong Kong industrialists' enthusiasm in making investments and operating schools in the interior and asked the Hong Kong people not to be concerned. China's policy toward Hong Kong will remain unchanged forever and Hong Kong's prosperity and stability can surely be achieved. Hong Kong will become ever more prosperous after 1997.

Established in 1989, the Hong Kong Young Industrialists Association is mainly composed of the Young Industrialist Award winners. It currently has some 60 members—all are rather outstanding representatives of the Hong Kong industrial circles. They are concerned about the hinterland's economic development and have earnestly made investments and built factories in the interior. They are enthusiastic about social welfare undertakings and have done a great deal in donating money to schools and hospitals as well as in disaster relief and poverty reduction in the hinterland.

The 29-member delegation arrived in Beijing yesterday for a four-day visit. The purposes of its visit to Beijing were to learn about the current situation of the hinterland's reform, opening up, economic development, and

relevant principles and policies and to express the association members' demands and wishes to train personnel for the hinterland's economic development and to do more for Hong Kong's smooth transition and return to the motherland through visiting leaders of the State Council, the State Council's Hong Kong and Macao Affairs Office, the Ministry of Foreign Trade and Economic Cooperation, the Ministry of Internal Trade, the All-China Federation of Industry and Commerce, and the Communist Youth League Central Committee.

Also attending the meeting were persons in charge of the relevant departments of the State Council's Hong Kong and Macao Affairs Office and the All-China Federation of Industry and Commerce.

#### **Editorial Criticizes Patten's Policy Address**

HK1710070794 Hong Kong WEN WEI PO in Chinese 12 Oct 94 p a2

[Editorial: "How Can a Smooth Transition Be Possible Without the Basic Law?—Commenting on Patten's Third Policy Address"]

[FBIS Translated Text] In his third policy address, Chris Patten states: "We will do everything that is honorable and sensible to cooperate with China," "the Special Administrative Region [SAR] Government is already assured of a good start," "there is a firm commitment to doing everything we can to give the new administration the best possible start," and "the practical approach we have adopted seeks to create the most constructive basis for a smooth transfer of sovereignty." Nevertheless, despite those beautiful words, there are no any substantial measures to insure a stable transition and the smooth transfer of sovereignty, nor are there any concrete actions for cooperation.

This is an address characterized by a great retrogression in policy. Not a word is spoken of the Basic Law, not a word is mentioned about the need and specific arrangements for the convergence of a stable transition and transfer of sovereignty with the Basic Law. The characteristic of the address is: "From now until midnight on 30th June 1997, we take the decisions; grasp the last 1,000 days to leap over 1997." It would be best to let the constitution dished up by Chris Patten continue; thus, in name, the "Letters Patent" and the "Royal Instructions" will no longer exist but the political system the British designed, which is favorable to Britain controlling Hong Kong, will stay. With such a greedy and wildly arrogant mindset, the talks about leaping over 1997 without saying a word about the Basic Law is precisely the theme and goal of his address.

If we consider that in his first policy address, Chris Patten needed to mention the convergence with the Basic Law to lull the vigilance of the Chinese side and to deceive the Hong Kong people so that it might be conducive to the political arrangements of the British

withdrawal, then, when Chris Patten fulfilled the legislation for his constitutional reform, he deemed himself an immortal being able to soar over the sea and it was no longer necessary for him to mention the Basic Law. To mention conformity with the Basic Law would only bind his own hands and feet and impede him in fulfilling his unfinished arrangements for constitutional reform. In Chris Patten's eyes, the transfer of sovereignty is a mere ceremony; nevertheless, genuine power should by no means be given up and China should never be allowed to enjoy a smooth recovery of Hong Kong.

The agreement reached in the Sino-British Joint Declaration and the seven letters exchanged between the Sino-British foreign ministers stipulates that in the latter transition period, China and Britain must strengthen cooperation to transfer sovereignty. Whether or not sovereignty is transferred smoothly will be signaled by the imperativeness for the British side to converge with the Basic Law and for all important matters straddling 1997 to obtain the consent of the Chinese side, in conformity with all clauses on politics, economics, culture, social order, and civil rights stipulated in the Basic Law, while providing a favorable climate for the implementation of the Basic Law.

If Chris Patten really is "honorable and sensible to cooperate with China," not only should he deliver the reins of power in Hong Kong but also consider that all political, legal, and economic changes must conform with the Basic Law. Sino-British cooperation should be comprehensive, with specific contents. In the latter transition period, the theme of such cooperation should be coordination with the implementation of the Basic Law, the founding of the SAR Government, and its first-phase preparations. Chris Patten's filthy [ang zang 7542 5253] mindset is that should the British side coordinate the Basic Law in engineering convergence before 1997, the British Hong Kong colonial rule would lose its honor and it would be impossible for the British side to extend its power and influence after 1997. Such being the case, he has adopted measures of building a new stove, going his own way, and refraining from converging with the Basic Law. Regarding the issue of the Legislative Council [Legco] converging with the Basic Law, he has been bent on being noncooperative, announcing that the Legco of his own creation will be effective straight through to 1999. On the issue of the relations between the Executive Council [Exco] and Legco, he is bent on "the Legislature disposes" but is not abiding by the Basic Law clauses on the distribution of labor and mutual cooperation between the Chief Executive, the Exco, and the Legco. Economically, he is bent on shaking Hong Kong's low tax rate system, announcing that Hong Kong's financial expenditure was to account for 20 percent of its gross output value; before the consultancy period ended, he arbitrarily ruled out the introduction of a Central Provident Fund, pushing the pension system that would lead to a drastic increase in Hong Kong's financial expenditure. In the legal aspect, he announced large-scale alterations to legal clauses to reduce the Exco's power. On the

issue of assisting the Preliminary Working Committee of the Hong Kong SAR to have control over materials for the sake of a stable transition, he insisted on nonrecognition of the Preliminary Working Committee, while forbidding civil servants to make official contacts with it. In civil education, he refused to make a commitment to propagate the Basic Law during the last 1,000 days to assist Hong Kong to operate in accordance with the Basic Law after 1997.

Chris Patten's Policy Address is stamped with the characteristic of "doing away with the Basic Law, while going our own way"; this is full evidence of the fact that Chris Patten basically has no intention to see Hong Kong's smooth transition but has premeditated to run counter to the Chinese side on the issues of sovereignty transfer and the Basic Law to create turmoil and trouble.

He claimed "to cooperate with the Preparatory Committee," but not without prerequisites: Cooperation will be conducted "in an agreed way," thus, the British Hong Kong side can indulge in bargaining and intervene in the election of the Preparatory Committee of the SAR and continue to meddle in the SAR Government after 1997.

His attitude of noncooperation is obvious. However, in his policy address, he shifts the responsibility for noncooperation onto the Chinese side and threatens: "We alone cannot ensure a smooth transition," "it is the people of Hong Kong who will pay for a failure to complete the Joint Liaison Group's agenda by 1997." Paying lip service to cooperation but pursuing confrontation in his actions, Chris Patten has already exhibited his performance to the full. Hong Kong people should heighten their vigilance to guard against the plot by the British side to create a failure in convergence and confusion and paralysis in transfer of sovereignty.

#### PRC To Conduct Own Air Service Agreements Review

HK1710060794 Hong Kong EASTERN EXPRESS in English 17 Oct 94 p 1

[By Rain Ren]

[FBIS Transcribed Text] China will conduct its own review of Hong Kong's air service agreements next year, rendering worthless those agreements concluded so far between the Hong Kong government and other countries.

This comes despite recent assurances by the Hong Kong government that 10 air service agreements have already been approved by China in the Sino-British Joint Liaison Group [JLG].

The right of review by China has been written into every air service agreement now concluded by the JLG.

The move by China to review Hong Kong's air service agreements without consultation with Britain is likely to

upset the British- Hong Kong governments which believe they should conduct their own negotiations.

Sources said the Civil Aviation Administration of China (CAAC), the body in China responsible for the country's aviation policy, will conduct the review as early as the second half of next year.

This means that foreign countries which now think they have secured air service agreements with Hong Kong will have to renegotiate them with Beijing in order to continue their aviation links with the territory after June 30, 1997. The first target of the review by China will be British airlines. China believes British airlines have gained considerable profit by obtaining special aviation arrangements with the territory.

Gordon Siu, the Secretary for Economic Services, the department which oversees air service negotiations, said last week that China had agreed to 10 air service agreements between Hong Kong and other countries. This will soon prove a waste of time unless Beijing gives its blessing.

It is understood that those agreements were reached between Britain and China, with both countries clearly aware of the potential crisis—China's right to veto any of those agreements.

China approved the 10 agreements because it wanted the JLG to be seen to be making progress on the issue and also because some documents had been with them for as long as five years.

Sources said some fundamental differences remained between the two countries on Hong Kong's air service negotiations which started in 1986.

Britain refuses to issue to the Chinese the Confidential Memorandum of Understanding (CMU)—the document attached to each air service agreement giving details of the contents of the exchange of rights between signatory partners—on the grounds that such a document is commercially confidential.

Britain refuses to allow China a say on extending the right of foreign airlines to fly from Hong Kong to Taiwan. China has tried at almost every JLG meeting to request relevant documents concerning foreign airlines flying from Hong Kong to Taiwan, but Britain has so far rejected the demand.

While Hong Kong government officials reiterate that the Joint Declaration gives the territory the right to conclude its own air service agreements, China blames Britain for undermining China's sovereign power over Taiwan.

Sources said British Airways, Britain's flagship carrier, had been flying to Taiwan from Hong Kong since 1989.

Britain later allowed other European airlines the same right in exchange for other rights for itself.

The JLG has just approved an air service agreement with Germany which includes the Hong Kong-Taiwan route, although the German government promised China that it would not take up this particular route.

Other foreign carriers with the same right include airlines from Thailand, Singapore and Canada. The only direct flight from Hong Kong to Taiwan is by Cathay Pacific under a commercial arrangement with Taiwan's China Airlines.

Before 1984, all 24 air service agreements in Hong Kong were an extension of Britain's agreements with other countries.

#### **Firm Unloads Shares in Critic Lai's Giordano Holdings**

*HK1510081794 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 15 Oct 94 p 1*

[By Peggy Sito]

[FBIS Transcribed Text] Outspoken critic of the Chinese Government, publisher and Giordano Holdings boss Jimmy Lai Chee-ying yesterday saw mainland-controlled China Resources unload a major stake in his fashion retail group. China Resources, which is the second largest shareholder in Giordano, completed the sale of 40 million Giordano shares, or 6.34 per cent of the company's issued share capital, through a private placement to institutions at \$4.70 each. The deal was arranged by James Capel.

Following the sale of the shares, which China Resources has owned for about five years, the mainland firm's equity interest in Giordano is believed to have dropped from 10.13 per cent to about 3.8 per cent. China Resources, nevertheless, remains Giordano's second largest shareholder. The sale also generated capital of \$188 million for China Resources.

Some equity analysts have interpreted the move as one of a series of actions designed as a reproof to Mr Lai's apparently abusive stance towards the mainland government. In an article in his NEXT magazine a few months ago, the outspoken Mr Lai used abusive language to condemn Chinese Premier Li Peng, who played a key role in the Tiananmen Square massacre.

"I am not surprised (by the news) because Mr Lai has not done anything to improve his relationship with the Chinese Government (since the offending article was published)," said one analyst. Equity analysts believed that China Resources would sell its remaining shares in Giordano because of the "not very good" relationship between Mr Lai and the Chinese Government. "They could not sell all the shares at once because sentiment on the equity market is not good at the moment," said one analyst.



Giordano shares yesterday closed at \$5.20, down 3.7 per cent. That went against the trend of the Hang Seng Index which rose a slight 1.95 per cent to 9,550.93.

The share sale is expected to inevitably cast a shadow over Giordano's future prospects in China. "It is a message for Giordano that it should concentrate more in the Asian region," the analyst said. "It might be good news for the company in the long run because the retail business in China so far has not been very good," he said.

Listed on the stock exchange in 1991, Giordano operates at least 35 mainland stores through Tiger Enterprises, a 51 per cent-owned China arm for marketing the Giordano brand on the mainland. But the affiliate has not been outstandingly successful, despite reporting a turnaround interim profit of \$31,000 in June against an interim loss of \$32 million over the same period in 1993.

Philip Chan, research head at brokerage firm PBI Securities, said the move could partly be attributed to commercial reasons as Giordano's fundamentals were not particularly exciting.

#### **Raids in PRC Cut Supply of Heroin**

HK1710061794 Hong Kong HONGKONG STANDARD  
in English 17 Oct 94 p 2

[By Clara Chan]

[FBIS Transcribed Excerpt] Raids on the mainland over the last few weeks have cut the supply of heroin here and led to a 20 percent rise in its street price, police say.

According to senior staff officer of the Narcotics Bureau, Senior Superintendent Tang Hau-sing, there has been a threefold increase in the seizure of No. 4 heroin and a fourfold rise in marijuana seizures.

"Because of the recent raids by officers of the Public Security Bureau in China, there has been a drop in the amount of drugs, mainly heroin, entering Hong Kong from China last month," Supt Tang said.

He also said more young people under 21 had been arrested in recent years.

"In the first half of this year, 7,618 people were arrested in connection with drugs related offences. Of these, 1,581 were under 21," he said.

"Also, since 1989 we have recovered \$149 million [Hong Kong dollars] in property obtained from drugs related activities," he said.

Under the Drug Trafficking (Recovery of Proceeds) Ordinance, the courts can order the confiscation of property obtained from drugs related offences, he said.

To focus attention on the drugs problem, an anti-drugs walk was held yesterday afternoon. [passage omitted]

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